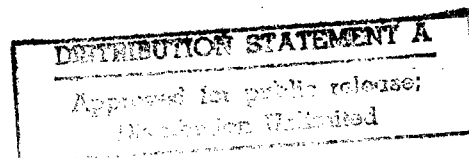


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Latin America Report

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25 March 1986

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INTER-AMERICAN AFFAIRS

EL SALVADOR, GUATEMALA EXPLORE JOINT DIPLOMATIC MISSIONS

Guatemala City PRENSA LIBRE in Spanish 30 Jan 86 p 2

[Text] Salvadoran Vice President Dr Rodolfo Castillo Claramount yesterday told Foreign Minister Mario Quinonez Amezcuita that El Salvador and Guatemala ought to establish joint overseas diplomatic missions to save large amounts of foreign exchange.

The Salvadoran dignitary arrived here yesterday morning to pay a goodwill visit to the country's new president, Vinicio Cerezo. They also exchanged views on issues of common interest to the two countries.

Interviewed by PRENSA LIBRE at the National Palace, Dr Castillo said that he and Foreign Minister Quinonez Amezcuita discussed various issues, among the most important the proposal to set up joint diplomatic missions in several countries, an electricity hookup between Guatemala and El Salvador, and the development of border areas, especially the Paz River.

He explained that these projects are of great importance because they will benefit our communities. Asked about the problem of political violence in his country in recent years, he emphasized that the rebels "have lost any chance of coming to power by force of arms; they are virtually defeated."

"They are now engaging in desperate, typically terrorist acts, such as destroying bridges and transmission towers, setting fire to farms and food warehouses, acts that have greatly hurt the nation's economy.

"The insurgents have lost all chance of making headway and have gone back to the guerrilla warfare phase, both urban and rural, but they have no future. Moreover, they have lost all their grassroots support."

With regard to the measures that his country has taken to straighten out its economy, he indicated that "they were not taken on the spur of the moment; much less are they hit and miss measures."

"For example, the devaluation of our currency was discussed at length with leaders of various sectors; the people knew that it was coming in view of the drop in the buying power of the Salvadoran colon.

"Concurrently, however, the wages of civil servants have been boosted by 15 percent and the wages of rural workers by 35 to 70 percent.

"We are calling on private enterprise to follow the government's lead and boost the wages of its employees. In addition, school tuition and the prices of medicine, medical, laboratory and hospital services, and basic consumer goods have been frozen.

"To make up for shortages of certain pharmaceutical and medical items, the government is looking into the purchase of equipment overseas to set up a complete laboratory in El Salvador that could produce the medicines we need.

"The banks have also received instructions to give loans to anyone who wants to start a small business."

Dr Castillo emphasized that in taking all of these steps, his country wants to double production so that it can boost its sales on foreign markets. "This is the only way that we can overcome the crisis plaguing us today," he said in conclusion.

The Salvadoran vice president was accompanied by his country's director of protocol, Dr Rafael Zaldivar Brizuela, and by its ambassador in Guatemala, Dr Oscar Echeverria.

8743

CSO: 3248/264

INTER-AMERICAN AFFAIRS

CUBA CALLS FOR TALKS WITH GUATEMALAN INSURGENTS

Guatemala City PRENSA LIBRE in Spanish 6 Feb 86 p 16

[Text] "I reject Fidel Castro's statements supporting negotiations with the Guatemalan guerrillas," Congressman Alfonso Cabrera, the president of the Congress of the republic, stated yesterday.

Speaking in Havana at the Third Congress of the Cuban Communist Party, the Cuban leader said that he was willing to talk over his differences with the U.S. Government and spoke of a negotiated settlement with the Salvadoran and Guatemalan guerrillas.

"I reject his statements, because we believe in the self-determination of peoples, and as a sovereign country we do not accept any outside judgment as to what the answers ought to be, inasmuch as we have the ability to solve our own problems and we have demonstrated political maturity and a sense of responsibility."

Continuing his comments on a dialogue with the guerrillas, Cabrera indicated that the government would have to determine what kind of dialogue is meant, "inasmuch as those of us in government are creating the groundwork for strengthening democracy in Guatemala. The competition is political, not military, and thus there can be no negotiations. The people did the negotiating at the ballot box and with their votes freely chose the government they wanted."

"The armed groups do not have to wait for any sort of invitation to become involved in politics. The new constitution guarantees this right to all groups. This is something new, as the Communist Party used to be outlawed."

As an example of the move towards democracy, the Democratic Socialist Party is about to register legally and already has two legislators in the Congress of the Republic.

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CSO: 3248/264

INTER-AMERICAN AFFAIRS

GUATEMALA EXCLUDES BELIZE FROM CENTRAL AMERICAN PARLIAMENT

Guatemala City PRENSA LIBRE in Spanish 7 Feb 86 p 60

[Text] Guatemala could not allow Belize to sit in the Central American Parliament because it is not recognized "by us either as a State or as an independent territory," Foreign Minister Mario Quinones Amezquita said yesterday.

The minister told reporters at a press conference in his office that "President Cerezo has been seeking a way to set up the Central American Parliament as a forum in which solutions to the region's problems can be discussed and identified."

"Our country," he underscored, "could never accept Belize as a member of the parliament. In any event, the other countries that eventually form the parliament would have to decide whether to admit Belize or Guatemala.

"The Guatemalan Governemnt's position is to continue talking with the United Kingdom to come up definitive solutions to the age-old dispute; meanwhile, however, we do not recognize Belize as an independent State, nor do we recognize its borders.

"Our claims must be directed to England; the Belizeans can be present, if they wish, but as observers. And any decision on a final solution will have to be put to a referendum of the Guatemalan people.

"The people must have the last word on the issue. Meanwhile, we will keep on negotiating with the United Kingdom so that any decision that might be made is honorable and worthy for Guatemala."

Minister Quinones Amezquita underscored that Belize could definitely not sit in the Central American Parliament, an exclusion that President Cerezo is promoting.

He added that the issue would be taken up officially at the summit meeting of Central American presidents, which will probably be held in June or early July in the city of Esquipulas.

"For now we hope only to reach an agreement with the president-elect of Costa Rica after Costa Rica's Supreme Electoral Tribunal hands down its verdict on the election results."

The whole world knows that Dr Arias was the winner, but in the case of official matters, official word must be awaited from the Supreme Electoral Tribunal.

"We will get in touch with the president-elect or else with the foreign minister to be, to see if we can agree on whether the meeting in Esquipulas should be before or after the inauguration."

8743

CSO: 3248/264

ARGENTINA

REPORT SHOWS NAVAL INDUSTRY FACING WORSE CRISIS IN 1986

Imports Hurt Local Shipbuilders

Buenos Aires CLARIN in Spanish 15 Dec 85 pp 8-9

[Article by Alberto Siglioccoli]

[Text] "At the present time, 60 percent of all registered ships are imported. In this connection, when there were problems selling our exports of products such as meat, we negotiated contracts for the purchase of boats, with Spain being the main beneficiary," CLARIN was told by one source in the sector of the private industrial shipyards.

A boat purchased abroad must logically be paid for totally in foreign exchange. In contrast, one built at home requires only 25 percent foreign currency, since the rest is paid in labor and national consumable expenditures.

Without taking into consideration the subsidies granted to shipbuilding by nearly all countries in the world, Argentina is practically on the same level of the international price, Argentine builders say. This is scarcely 1 or 2 percent over Japan's cost and a similar percentage under England's.

And yet, over 150 used boats have been imported in recent years, 80 percent of which had to retire before completing 2 years of service due to their advanced obsolescence. This caused serious additional harm to our already negative balance of payments as well as the high foreign debt.

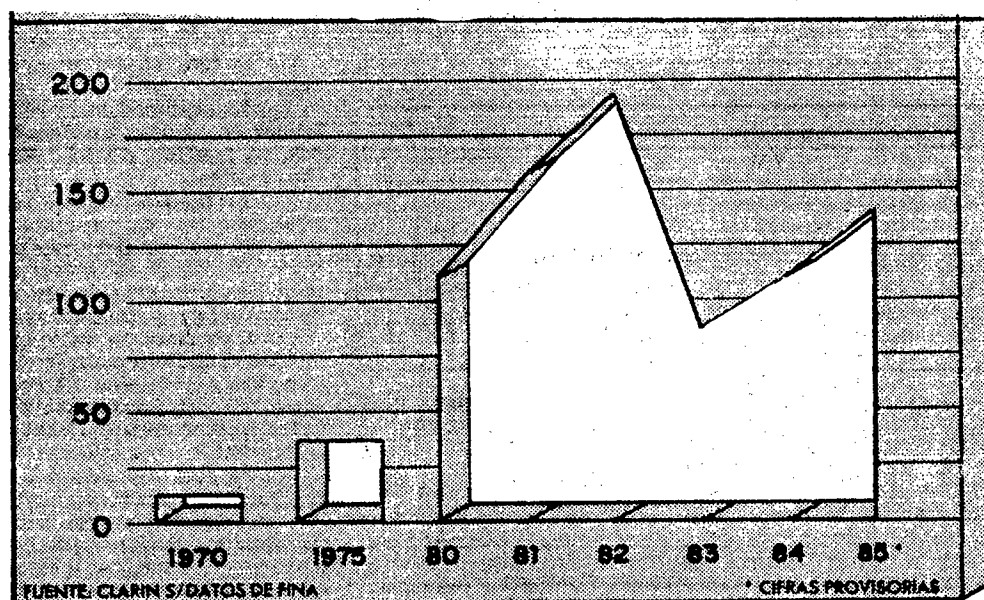
More than 2 years ago, public shipbuilders -- including ELMA [Argentine Shipping Lines], the YPF [Government Oil Deposits], the YCF [Government Coal Deposits] and the National Directorate of Ports and Navigable Waterways -- have not placed a single order with local shipbuilders. The last one dates from 1982, since which time there have been no new contracts in the area of transport, which means a 30 percent rate of use of installed capacity, based on statements from industrialists.

As a result of this drop in domestic demand, production of the heavy naval industry declined 55 percent in 1983, compared with the record level of 195,000 tons dead weight registered in 1982. In 1984, construction earmarked for export increased shipyard activity, which trend extended until 1985, but the tonnage produced this past year is nearly 30 percent under that registered in 1982. It should be emphasized that in 1984 and 1985, the work of the shipyards was exclusively due to purchase orders from abroad.

Five years ago, 148 shipyards were in operation. Of these, 25 corresponded to heavy industry, 64 to light industry and 59 to cottage shipbuilding. At the present time, in contrast, the total number of shipyards in operation is scarcely 57. Of that figure, 15 are in heavy industry (3 large vessels, 3 medium, 4 small and 5 fishing boats), 40 in light industry and only 2 left in cottage shipbuilding.

In the past 5 years, one large and two medium-size builders closed their doors for good. At the present time, two large shipyards, as many medium-size builders and one smaller operation have halted work, while other shipyards have had to go into repair or different sorts of hydroelectric work in order to survive.

Production of Shipyards (in thousands of tons dead weight)



Source: CLARIN S/FINA Data. Provisional figures.

No new contracts are in sight for the domestic market and it may be impossible to compete on the international market which, being based on subsidies, leaves the Argentine shipbuilding industry out of the competition. In Great Britain, the subsidy granted to naval production is between 18 and 27 percent; in Italy, 25 percent; and in Holland, between 8 and 11 percent, while Japan and Korea work with concealed subsidies.

All of these factors combine to form a gloomy picture whose future prospects are gradual paralysis, according to entrepreneurs in a sector such as shipbuilding, which has a great fallout effect on the local industry.

Loss of Cargo

Some 98 percent of our country's commercial trade is done by maritime shipping, but of that total, national flagships carry only 30 percent, meaning that we are far from the guidelines of Law 18,250, which sets a goal of 50 percent of all cargo generated by foreign trade for national flagships.

This results in a significant loss of foreign currency for the country. Between 1976 and 1982, for example, the total freight generated by Argentine foreign trade amounted to \$9.8 billion, of which some \$6.6 billion were turned over to foreign shipowners.

The naval industry has two basic markets. Until 2 years ago, the main market was the domestic market, now practically nonexistent, to which most production was addressed. As an alternative or on a complementary basis, the export market was handled next.

However, as a direct result of the loss of revenue collected by the National Merchant Marine Fund in January of 1981, private merchant fleets remained without financing and the same is true of the fishing fleets. Consequently, public shipowners have ceased placing purchase orders since 1982 and construction for private owners has been financed with resources that have proved to be inadequate for maintaining an appreciable level of activity in the shipyards.

Foreign Market

Given this uncertain picture, at the beginning of the 1980's, the naval industry turned to the international market, channeling its production toward foreign countries. As the result of this effort, local shipyards obtained several large contracts for the construction of large cargo ships and an offshore oil rig totaling \$400 million, to be spread over 3 years.

When the contracts were signed, the existing system of promotion provided for the collection of reimbursement for the naval industry on the order of 25 percent, plus an additional 5 percent from new markets. These benefits were initially cut in 1982 and dropped to 0 in 1985, turning into 6-percent export duties that had to be paid by the shipyards in June of this year.

Consequently, the cancellation of the reimbursement system resulted in major losses for firms in the sector. This critical situation, originating in the total elimination of tax reimbursements, is joined by Circular No 793 from the Central Bank, modifying the export prefinancing system and thereby determining that any fabrication of capital goods with a period of over 180 days would be impossible to face.

Exports of the naval industry were very great during the period of these contracts, going from \$23 million in 1983 to \$100 million so far in 1985. But entrepreneurs say that given the current conditions, the export alternative of the shipbuilding industry is being rapidly exhausted.

Canceled Contracts

The last vessel covered by previous agreements will be delivered before June 1986, before new export contracts worth between \$600-\$700 million and extending over 3 to 4 years even go into execution. This will cause shipyards unrecoverable losses.

The Argentine naval industry represents only .5 percent of the world shipbuilding industry. In contrast, Japan monopolizes some 50 percent, while Brazil and Spain have 15 percent each.

The production capacity of the Argentine naval industry, with 350,000 tons dead weight a year, is scarcely 1/10 the potential of the Brazilian shipbuilding industry, which amounts to 3.5 million tons. In addition, while the Brazilian industry has always maintained 80 percent of its installed capacity occupied, the local industry did not exceed 50 percent continuously even in the best of times.

Manufacturers in the sector suggest that the system of tax refunds be reinstated, which in the case of the naval industry has particular significance, inasmuch as export contracts generate immediate revenue for the treasury from the time they are initiated, through greater activity of the competing industry. However, these taxes are not returned by the government until years later, when the operation is completed.

At the present time, there are only a few plans for construction on the part of the Argentine Shipping Lines (ELMA). Reestablishment of the National Merchant Marine Fund had no positive effect due to the fact that the drop in volume of foreign trade and therefore, of cargo, practically eliminated funds collected in that manner, with the first bidding for construction of units to come about before the end of the year.

By virtue of Law 23,103, duties on export and import cargo were set at 2 and 12 percent respectively. Consequently, only \$50 million would now be collected and even these funds are not available -- earmarked for other purposes. In the best of cases, they scarcely stretch to build two and a half vessels.

Exports (in millions of dollars)

<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
57	23	74	100

Production (in thousands of tons)

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Domestic market	177	74		
Exports	18	13	110	140
Total	195	87	110	140

Annual Installed Capacity

Oceangoing vessels	300,000 tons (dead weight)
River, lighterage and special boats (including tugs)	150,000 tons (dead weight)
Oceangoing fishing boats	100 units
Light, recreational boats and port service vessels	10,000 units

Export Promotion

<u>Upon Signing of Contracts (prev. Jan 81)</u>	<u>Upon Export (after Jan 81)</u>	<u>June 1985</u>	<u>Present Time</u>
Value of Contract	100	100	100
Tax or export duty refund	25	10	(6)
New markets	5		
Shipyard price	130	110	94
Minus:			100
Manufac. cost	(125)	(125)	(125)
Profit (or loss)	5	(15)	(31)
			(25)

Fleet Modernization Urged

Buenos Aires CLARIN in Spanish 15 Dec 85 pp 10-11

[Text] "Before the end of this year, there will be bidding for the construction of two vessels financed by the National Merchant Marine Fund, but this is the only project on the drawing board for next year," CLARIN was told by the national director of the naval industry, Hector J. Borlandelli, whose ideas are as follows:

The Argentine naval industry is going through some of its most difficult times. This situation has not come about suddenly, but rather, reflects the country's vicissitudes over recent years, which have resulted in a lack of continuity in the execution of construction plans and a lack of financing.

No Financing

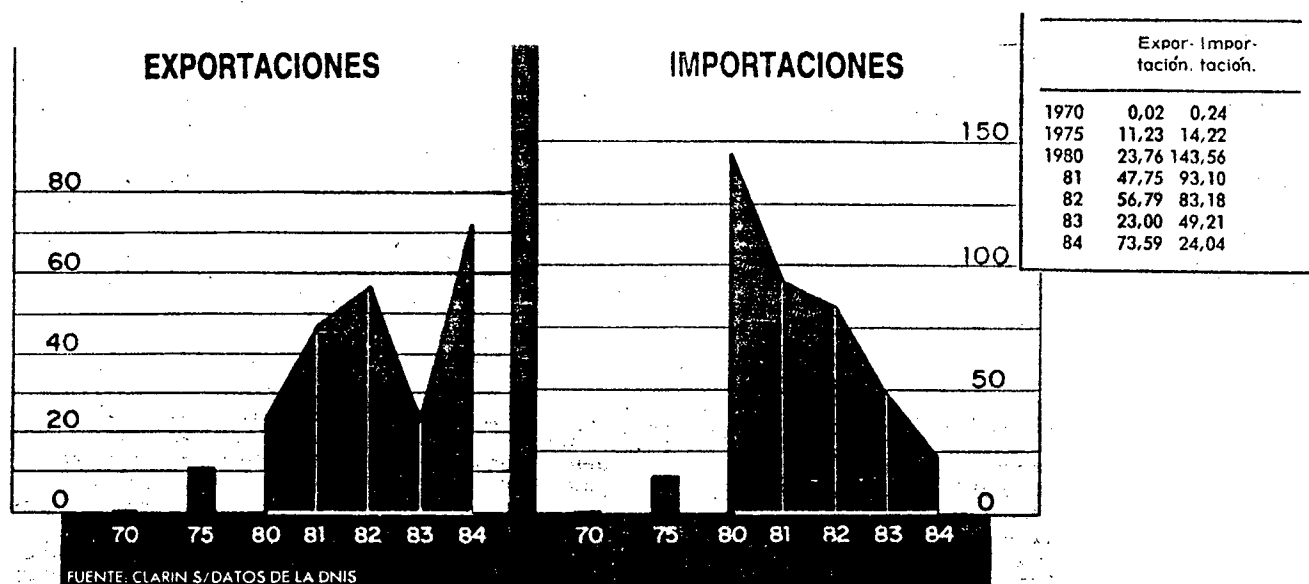
The National Merchant Marine Fund is the only credit accessible for private owners for the purpose of shipbuilding in the country. At the present time, there are problems preventing the execution of such financing, as well as the development of the 1985-1989 Construction Plan announced at the beginning of this year.

Among the basic problems faced by the government in carrying out the plan is that of emphasizing the drop in volumes of foreign trade and cargo, which caused a drop in funds collected by the National Merchant Marine Fund and the compulsory contribution to the National Treasury of 8.78 million australs from that fund during this fiscal year and a similar sum next year.

The drop in funds available from the National Merchant Marine Fund from the different contributions to be made by the Treasury endangers compliance with the the 19 existing shipbuilding contracts, with the resulting damage to the administration, inasmuch as, if the vessels are not built, the corresponding credit amortizations will not take place.

For its part, the National Development Bank has a line of credit earmarked for the construction of fishing boats, whose benefits have been requested in principle for 15 boats for a private company. However, the point of conflict lies in the lack of funds to effect such financing.

Foreign Trade; River and Oceangoing Vessels (in millions of \$)



Source: CLARIN S/DNIS Data

There is an urgent need to modernize our country's fishing fleet and numerous owners are interested in having local shipyards do such construction. In this connection, the BCRA [Central Bank of the Argentine Republic] has been asked to obtain a rediscount line from the National Development Bank so that the latter may effect the credits.

Disinvestment

There is no question that this industry is going through a disinvestment process, but if the shipyards want to survive the crisis, they will have to seek foreign markets.

The government cannot relieve the sector's current situation and has consequently asked entrepreneurs to move toward a technological reconversion.

The prospect of drafting a new shipbuilding plan is poor as long as the National Merchant Marine Fund does not recover the genuine function for which it was created. However, before the end of this year, there will be bidding for construction of two river-oceangoing vessels financed by the Fund. This is the only project for next year!

Prospects for Sector

1985-1989 Plan, Nonviable

The shipbuilding plan announced in April involves plans for 1985 to 1989:

- 5 60,000-ton ships for bulk cargo
- 2 45,000 ton ships for bulk cargo
- 1 river tanker
- 6 river-oceangoing barges
- 18 1,500-ton barges
- 10 300-ton barges
- 3 tugboats (pushing)
- 4 tugboats (pulling)
- 5 river-oceangoing tugboats

Existing Contracts

1 ship to transport chemical products; owner, Conapa, Inc. Construction, Astilleros Corrientes; signed 1982; delivery 1986.

1 8,000-ton tanker for Navenora Inc., Mestrina Shipyards, signed 1982, delivery 1986.

1 support vessel for offshore operations; owner, Tamic, Inc.; signed 1982; delivery 1986.

1 "roll-on roll-off" container ship; owner, Argentine Ferry Lines, Inc; signed 1982; delivery 1986.

3 60,000 bulk cargo vessels for Maruba SCA, Delbene, Inc., Astramar, Astilleros Alianza; signed 1982, delivery 1986.

2 Happer barges for general cargo. Owners; Alta, Inc., Astilleros Corrientes; signed 1982; delivery 1986.

Projects 1986

2 river-oceangoing ships, 28,000 tons, bidding for which will take place before the end of the year. Contracts will reportedly be signed in 1986 and construction will take about 15 months. This is the only pending project for 1986 with financing from the National Merchant Marine Fleet.

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CSO: 3348/344

CHILE

LABOR LEADERS EVALUATE EFFECTS OF PROLONGED STRIKE

Santiago ANALISIS in Spanish 21-27 Jan 86 pp 21-23

[Interviews with Roberto Carvajal and Manuel Rodriguez by Maria Olivia Monckeberg; dates and places not given; first three paragraphs are general introduction, with one-paragraph introduction to each interview]

[Text] The voice of the copper workers has again made itself heard loud and clear at a congress. After 4 days of deliberations in Rancagua, the almost 100 leaders of all the unions in the Confederation of Copper Workers (CTC) passed a series of resolutions that, like the Punta de Tralca resolutions in 1983, are cause for concern to the government and an topic of interest to most Chileans. "We once again reaffirm our commitment to democracy and our determination to achieve it in 1986, by intensifying the active and unified mobilization alongside all of the labor and social organizations that have sought and will seek this same goal," they indicated in one of their resolutions.

On the same occasion, the labor leaders elected the 15 national advisers, who in turn, after the congress, reelected the governing board, which consists of Rodolfo Seguel as president, Carlos Ogalde as vice president, Roberto Carvajal as secretary general and Roberto Lillo as treasurer. It was, in a word, another defeat for the government. The attempts to disqualify those who have risked the most were in vain. Of the 15 newly elected national advisers, 12 are members of the opposition: 7 Christian Democrats (although Julio Borquez, a standout among them, abstained, along with the government supporters, from voting for Seguel for president) and 5 from the Popular Democratic Movement (MDP). The government backers elected only one representative in Andina and another in Rancagua, inasmuch as the alleged third government man will apparently be an independent.

But above and beyond the voting estimates and the behind-the-scenes activities at the Congress, ANALISIS felt that it would be of interest to delve deeper into the challenge that the copper workers set for themselves there. To this end we spoke with two prominent leaders in recent years, who represent the main political movements in labor and who have together run the country's main union organization: Christian Democrat Roberto Carvajal and Manuel Rodriguez from the MDP.

Roberto Carvajal

Having served for 23 years as a labor leader, 20 of them in the large copper mining industry, this civil engineer who preferred to be a blue-collar worker and a labor leader has been Rodolfo Seguel's right-hand man in the CTC. A Christian Democrat and leader of the Barquito de Salvador industrial union, Roberto Carvajal (41, married, four children) was first elected secretary general of the CTC when Emilio Torres took over as president in 1982. He is now beginning his third term in office. Like most of the main copper worker leaders, he has been jailed and harassed in recent years. He feels that in Rancagua the copper union leaders once again "showed maturity, focusing on the people and our common problems as workers and as citizens."

[Question] And how do you interpret the election itself?

[Answer] It is the logical outcome of a stand that the Confederation has maintained. We feel that the workers are the ones who legitimize the actions of a leader.

[Question] Don't you start your resolutions with a political proposal?

[Answer] The first part of the resolutions sets forth a political point of view, if it can be called that. We feel and we have been stressing that democracy is the only system that can guarantee that we workers will be able to develop as citizens and individuals.

[Question] And haven't you also called for a nationwide strike in 1986?

[Answer] We analyzed this at our congress. Based on our experiences in 1983, we are aiming for an understanding [concertacion] with other social forces, because let us not forget that the copper industry is just a part, not the whole. Therefore, it would be pretentious to think that whatever we say is going to be what gets done. There are problems that affect different people differently, but there are also common problems, and one of them is the need for a democratic system...We believe that 1986 must be the year that democracy returns. And to this end we feel that the only path left to us is mobilization, as we workers have always understood it to mean.

A work stoppage is a legitimate tool that arose precisely when unions were formed. If our demands are not heeded and if the petitions that the workers have put forth on countless occasions are ignored, what other alternative is there? We have no choice but to mobilize peacefully and reach the ultimate stage, which is simply and plainly a shutdown.

[Question] An indefinite shutdown?

[Answer] Obviously an indefinite shutdown, because we cannot run the risk and be irresponsible enough to ask the workers for a 24- or 48-hour shutdown.

[Question] Now that you have held a significant congress that has passed quite forceful resolutions, have you evaluated the government's possible responses?

[Answer] Experience has taught us that when we start to discharge certain functions in any organization, we should have a basic knowledge of the facts. And on the basis of this premise, we know what we are doing and we do not believe that we are mistaken.

Here at this congress we have clearly and categorically stated and reiterated everything that we have been saying for practically 3, if not 4 years. I began in January 1982, when the copper workers formed the national board that they wanted, instead of having one imposed on them.

In April 1983, with Rodolfo Seguel as president, we copper workers categorically stated that it was no longer a question of substituting one law for another; the system itself had to change. I attach importance to the 1986 congress because it reaffirmed all of the resolutions of previous congresses. In April 1983 the CTC clearly and categorically demonstrated what its position was on the country's problems, and we also said that the only system that provided us with some sort of guarantee (we did not say every guarantee) was democracy. Unfortunately, no one has wanted to listen to us, and we have nearly been branded extremists for saying what we did. Our president has been described as a threat to society, and the only thing that he has been doing is talking for those who cannot.

[Question] What differences do you perceive between 1983 and now with regard to a social mobilization?

[Answer] Any observer can obviously perceive differences. It's a question of looking for them. We can no longer think just about the copper workers, because developments have shown that there are many more of us now. It's a question of looking at what is happening in the universities, with the students, what is happening in certain professional associations, such as the physicians, who are struggling for something just...Look at the genuine tragedy besetting the mortgagors who marched to San Cristobal. These are facts, these are peaceful demonstrations that are becoming increasingly common...Now is the time to start thinking seriously about an understanding.

[Question] Do you have a timetable for a social understanding? You have been talking about it for some time now.

[Answer] I honestly believe that if we are all capable of traveling down this road, it will probably lead to a solution. The problem of social security, the problem of health care, the problem of education, many of these problems are common to us all. When a worker comes home from his job, he turns into a resident. An understanding is especially important to us, and people finally seem to be grasping what is involved. Because an understanding does not just involve the workers, local residents and students; it includes other segments of society, professionals, trade unions, businessmen...

[Question] How necessary do you think a political understanding is, in other words, the entire opposition coming to terms on a path to follow?

[Answer] Well, the major criticism that we workers have voiced is that we have always made the big sacrifices, we have always been the cannon fodder.

We have always been the ones who paved the way so that the various political sectors could start expressing themselves. But hey! It hurts us to see when those political channels that we opened up in our country are being used for just about anything except creating a real and effective alternative for our country. And this is a criticism that I am voicing sincerely about everybody, not just a few people. Because our great tragedy is that while they debate, analyze and do lots of other things, we, the workers and the students, are still the cannon fodder.

They should get serious and do what other countries have done. Why not repeat the experience of countries as close to us as Argentina and Uruguay? There they formed the multiparty, the multi-union organization...The name doesn't matter. The common denominator there was the return to democracy...We all have to make a great effort so that this is the year of decisions. We cannot keep on waiting. Otherwise, what's going to happen to our country? This is our great responsibility to ourselves and to our children.

Manuel Rodriguez

Manuel Rodriguez Etcheberry (39, married, two daughters) is the president of the Caltones industrial union, at whose headquarters the Rancagua Congress was held. He is identified with the MDP and was once again reelected as a CTC national leader and a member of its Executive Council. Based on his experience in recent years, including some time behind bars in 1983 and his dismissal from CODELCO [Copper Corporation], he describes the recent congress and its resolutions as of "enormous importance not only for the copper workers but for the Chilean labor movement as well." He emphasizes that a specific resolution was passed calling for the drafting and presentation of a National List of Demands of the Copper Workers; the drafting has begun in recent days, and of course the list will include the problem of independent contractors, environmental pollution and various socioeconomic demands.

[Question] Along with this you took a political vote calling for a return to democracy in 1986. How do you plan to achieve this and to discharge the great responsibility that you have taken on?

[Answer] I think that the great responsibility not only of the copper workers but of all Chileans is to put an end to the dictatorship in 1986. In our political vote and in the resolutions of the congress we are calling for a work stoppage, a prolonged work stoppage. No date has been set, but the goal is a major work stoppage in Chile so that we can restore democracy.

[Question] Has the copper industry union recovered enough from the 1983 strike to stage a prolonged work stoppage?

[Answer] I have had the chance to tour the mines several times. This year, in fact, I was at the El Salvador mine and I saw how the workers have recovered. They realize that they have no other solution to their problems. Under Pinochet there is no solution. I saw at the massive assemblies at El Salvador that the workers are back. I saw once again the support we have and that the workers who are questioned by the company are not questioned by the workers. I saw a union that was full morning and night. And by their actions

the workers were saying: "The wound has healed, and we realize that we have to begin again to put an end to the dictatorship."

[Question] And what about El Teniente?

[Answer] We have also seen a recovery at El Teniente. We have had major problems, and there is fear, but we ended the year well. The regional [branch] called an expanded assembly of the 6 unions, and we managed to bring together 700 people, which is a success for us, because no more than 40 or 80 used to attend the El Teniente unions assemblies after the work stoppage. And how about the Andean Division! We went to the most recent assembly of the labor union with Seguel and Carvajal and we met with broad support, as the assembly voted for Seguel to continue running the CTC.

I also saw Chuquicamata when it was practically asleep in 1983, when only 80 workers out of 9,000 attended an assembly. There has been movement there, and 1985 was crowned by an impressive march from Chuquicamata to Calama. Then six leaders went on a fast that succeeded in arousing broad solidarity from the people of Calama.

[Question] They are reportedly better off than you are now, precisely because they did not pay the price in 1983...

[Answer] We made mistakes, and Chuquicamata has learned from them.

[Question] What sort of mistakes?

[Answer] In my judgment, one of our mistakes was to call off the work stoppage on 11 May 1983 and turn it into a protest when everything was set for the work stoppage. I was strongly against this move, but the other side won in the vote among national leaders.

[Question] But that shift triggered the chain of protests...

[Answer] Maybe the work stoppage would have reinforced them, and perhaps we would not have Pinochet...

[Question] And what other mistakes?

[Answer] Staging a work stoppage for 24 hours (in June 1983). We copper workers can under no circumstances call on the workers to strike for 24 hours.

[Question] Do you think that the copper workers today have combined their socioeconomic demands and the political demand for freedom and justice?

[Answer] I talk with a lot of people, with a lot of workers, and they feel they are represented by Seguel, by Montecino, by Carvajal, by Ogalde, by Rodriguez. We have the political voice. They are with us but they are afraid of demonstrating en masse in the streets, afraid of losing their jobs, but we have to work to dispel this fear. They want democracy, they are aware that our problems cannot be solved under Pinochet.

[Question] The government went down to defeat at this congress. But don't you think that it may try to sideline and disqualify you?

[Answer] The government is going to keep on doing whatever it can to sideline us...The Labor Plan, the various moves, the absence of a Congress, everything here has been imposed. We know that this government has been imposed by the force of arms, not elected by the people.

[Question] And aren't you afraid that they will take over the CTC or take some action against you?

[Answer] I will answer you in a few words. The Chilean labor movement was not born under the protection of a law. Those are our prospects. If certain laws are ruinous for the labor movement, then we will fight to get rid of those laws and to pass just laws that represent the broad sentiments of the workers.

[Question] The labor movement was sort of waiting and seeing what was going to happen in the copper unions. What kind of impact are the resolutions going to have on the CNT?

[Answer] I think that they are going to have to have an impact, not only on the Command but on other sectors that do not belong to the CNT. We will have to get together with the CNT, with student forces, with neighborhood groups, with professionals, with the trade unions and with the political forces and talk things over properly, because this time we cannot go it alone. In 1983 we went on strike alone, and the solidarity was not what it should have been. We were just awakening, but if succeed in putting this together now, we copper workers are going to demand that the other sectors of this country join us. The trade unions are suffering under the heavy blows that the regime is administering to them. The truckers also feel that the underlying problem is not being resolved. There is a growing feeling that an answer to our problems hinges on an end to the dictatorship.

[Question] Do you perceive any progress towards an understanding?

[Answer] There has been progress, and now with the regime's response to the National Accord, well, a lot of people must realize that Pinochet does not want this sort of arrangement. So I believe that this very fact makes us realize that we can think different politically, but we have to put these things aside and realize that Chile comes first.

[Question] All in all, are you optimistic about 1986?

[Answer] I am very optimistic, but I also feel that I have a great responsibility. We have to be prepared for anything.

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CHILE

RADICAL PARTY LEADER NAVARRETE ON PARTY'S STRATEGY

Santiago CAUCE in Spanish 3-9 Feb 86 pp 17-20

[Interview with the Ricardo Navarrete, secretary general of the Radical Party, by Eugenio Gonzalez; date and place not given; first four paragraphs are introduction]

[Text] Ricardo Navarrete Betanzo was outside Chile on 11 September 1973. As assistant secretary general of Radical Youth, he had been invited to the Autonomous University of Mexico. After hearing news of the coup d'etat, he tried to return to his homeland but got only as far as Mendoza.

He then began to travel the world: Argentina, Cuba, Switzerland, several European cities and, above all, Spain, which gave him the opportunity to continue his university studies. Graduating in economics from the Universidad Complutense in Madrid, he divided his time between his profession and politics, representing the Radical Party [PR] in all of the places in which he was forced to live.

In May 1984 he was allowed to return to Chile. The following year, more than 200 delegates from all over the country elected him secretary general of their party at their most recent national convention.

With 20 years of political activism behind him, under the Popular Unity government, in exile and now in the opposition to the Pinochet regime, Ricardo Navarrete is fully qualified to talk to CAUCE about current conditions in his party.

With a large oil painting of former President Pedro Aguirre Cerda in the background (seemingly listening to every thought that his young fellow Radical expresses), we began our conversation.

[Question] What are the substantive differences between the PR under Popular Unity and the PR today?

[Answer] The first difference has to do with the country's social conditions. In 1973 Chile was going through a period of tension because of the changes being made to build a new and different society. One segment of the population opposed those changes, and the tense political confrontation

eventually led to the shattering of our democratic institutions. Today the social conditions are different, as we are trying to reestablish democracy. We are trying hard to put the party back in touch with its political principles and ideas. The Radical Party has the duty and the obligation to once again become the force that made possible the politics of consensus for so many years, in other words, to occupy the broad band of the political center that will enable it to represent the country's masses.

The PR on the Left

[Question] So the PR is a centrist party...

[Answer] The Radical Party has never defined itself as such. It has defined itself as a leftwing, progressive, humanist party. Political scientists polarize domestic politics between the Right, which wants to maintain the system of capitalist exploitation and represents more conservative thought and ideas, and the Marxist-Leninist revolutionary Left, which wants to replace the system with the dictatorship of the proletariat. On this polarized spectrum the PR is neither one nor the other. We could place it equidistant from the two extremes. It could be properly defined as a moderate leftwing party whose political philosophy is based on democratic socialism.

[Question] And if you had to seek ties with other political parties across the domestic political spectrum, who would the PR hook up with? The Social Democrats? The PS [Socialist Party]? Someone else?

[Answer] This business of political ties is somewhat difficult to define. Political organizations exist because they are not able to establish common ground that would enable some to disappear or merge. The Radical Party has related organizations. The Socialist Party in the 1930's had a philosophy similar to the one that the PR had been preaching since the late 19th century. Even more so now that the PS has split up, and there are groups like Briones' and Mandujano's, which espouse democratic socialism. We are linked to Social Democracy by history, principles and ideas, and we are thus trying to reach an understanding because we believe that we can establish common ground to act together in the country's political process...

[Question] Are you talking about the old Radical mainstream?

[Answer] It would be pointless not to recognize that there are other groups and movements that have sprung from what is called the old Radical mainstream. The problem is whether with our independent efforts we can put together the party as it used to be or whether it has to be accompanied by groups that used to belong to the PR. In light of political conditions in the country, we believe that we have to make every effort to reach an understanding, unite and merge with groups and movements that are of Radical origin. Whether we achieve this or not, however, the leadership of this party, its activists, its women and its young people will ultimately be the ones who give Chile a great new Radical Party.

Young Rebels

[Question] Speaking of young people, what is the position of Radical Youth on the party's line? Are they in total agreement or are there differences of opinion?

[Answer] In recent years the Radical Party has been notably absent from the Chilean youth movement. This has to be viewed in historic retrospect. Revolutionary Radical Youth was formed in 1968 by a group of young people within the party who were committed to change and the revolution. Their enthusiasm and devotion went beyond mere commitment to or identification with the principles and doctrine of the Radical Party. There had been no real interruption in this group until very recently, when young people trained in the heat of the struggle against the dictatorship and imbued with the party's doctrine emerged. All of this means that our young people have not performed the tasks that they must within the Chilean youth movement.

[Question] These are the differences of opinion among young people themselves. The ones who went to Moscow, for example...Didn't this hurt the feelings of the PR's national leadership somewhat?

[Answer] You have raised the issue very clearly, because your question implies that these youths went to Moscow without authorization from the party's leadership. They went there because they were involved in various organizations that represent Chilean youth. But I do not want to sidestep the political issue. The party's internal organizations and young people in particular have organizational autonomy, but they cannot and must not have political autonomy. The presence of our activists at activities that are not attended by international organizations with which the PR has established ties, is a matter that will have to be looked into to prevent a repetition.

[Question] Clarify something for me, Mr Navarrete. There are problems within the youth movement, problems between the youths and the CEN [National Executive Committee], and there is no agreement for the reconstruction of the old Radical mainstream...Doesn't all this weaken the PR and strengthen the Pinochet dictatorship?

[Answer] The internal problems of parties questionably help to keep the military regime going. When we demand unity among the opposition against the dictatorship, those of us who belong to a party must be able first of all to reach a solid, effective and real agreement among ourselves. If we are unable to achieve a degree of understanding and unity, we are doing serious damage to the party as an idea and, at the same time, we are helping the dictatorship to survive. Unless we retain a degree of trustworthiness, those who wield political power will take advantage of our weaknesses to pursue their policy of exploitation, domination, repression and violence.

Mobilization and Negotiation

[Question] Both the Democratic Alliance and the National Accord are at a crossroads: either the negotiations that the Right is calling for, or the mobilization that the Left wants. What is your party's stand?

[Answer] One of the democratic opposition's major shortcomings has been its failure to chart a definite strategy: mobilization or negotiation. We have not taken consistent steps to do one or the other. Nor, moreover, have we clearly and precisely spelled out that the strategy is mobilization for negotiation. The only strategy is social mobilization, political pressure and mass struggle, on the basis of a nationwide understanding and nonviolence, to tip the balance of power towards negotiating a surrender of political power.

[Question] Meanwhile...Pinochet remains on top.

[Answer] The dictatorship today is unquestionably in a position of strength and predominance over the opposition. The relationship has to change. As democratic parties, we must gain much greater strength and authority than we have today so that we can negotiate the terms of a surrender of power.

[Question] Who ought to be committed to this task?

[Answer] In the first place, all of the parties in the Democratic Alliance. But this is also an effort that must be undertaken by all Chileans who want to put an end to a shameful regime that has had such sad consequences for the country's destiny. The regime cannot exist unless the opposition stammers and has fallings out that thwart our strategy: a broad-based, peaceful social mobilization with a view towards sitting down at the negotiating table with the Armed Forces.

[Question] The PC [Communist Party] also advocates the path of social mobilization. Is the PR prepared to march along with them?

[Answer] The PR is calling for a policy of unity that is not exclusionary. We are prepared to come to terms with anyone who wants a return of democracy, which is a goal that we have to achieve peacefully through the social mobilization. The Chilean people do not want violence. Violence helps Pinochet and strengthens his regime, as the experience of the past 12 years has taught us. We have nothing against walking alongside all those, including the PC, who agree on these principles. So far, however, what we have heard from the PC is repeated calls for actions accompanied by violence. And here there is a clear difference between us and them that we cannot deny, because it is a political fact.

[Question] If Pinochet were to propose an appointed congress in the months to come, would you and your party take a seat in it?

[Answer] Absolutely not. We are not going to take seats in any appointed congress, nor are we going to support measures designed to trample on the people's legitimate right to elect their authorities in a sovereign manner. The Radical Party is going to categorically reject any plebiscite aimed at partially and capriciously amending this constitution by further delaying and confusing the full reestablishment of democracy.

[Question] What does the name Anselmo Sule mean to you?

[Answer] First of all, he is a fellow Radical who has been persecuted and forced into exile, in one of this government's cruelest manifestations of repression. Second, he is a party leader who has responsibilities overseas and is serving as one of our vice presidents, the international vice president. Lastly, he is another activist who is doing his job and battling for the reestablishment of democracy in the country.

[Question] Is Sule's position the same as the leadership's within the party?

[Answer] Every party activist must abide by the political resolutions it adopts. As in every democratic party, there is a struggle of ideas in the PR that is decided in the party's organizations. Once the issues have been debated and a decision made, all activists are obliged to honor it. And there is no reason for it to be different in the case of Anselmo Sule...

Statements in Mendoza

[Question] Does the same go for Carlos Morales Abarzua?

[Answer] Exactly the same.

[Question] But he just said in Mendoza that the PR ought to withdraw from the Democratic Alliance...

[Answer] We found out through the press that Carlos Morales made statements that are at odds with the resolutions that the party adopted at its national council and its convention alike. We have to look into the matter to ascertain the real significance of the report. According to it, he voiced disagreement with the substantive decisions that the party made on this point.

[Question] I am quoting Carlos Morales: "Our competitor in Chile will always be the Christian Democratic Party [DC]. So, I don't care for the alliance or the National Accord either." Do you agree with his judgment about the DC?

[Answer] Not at all. We could not share his judgment, because we are part of the alliance and the National Accord along with the DC. The fact of the matter is that Chileans in exile do not have domestic politics in proper focus, and this leads to mistaken judgments. His description of the DC shows a lack of understanding and is unfair and mistaken. The DC is openly opposed to the regime, has significant domestic strength and represents an important element for achieving democracy and freedom. We appreciate its stand and its actions.

[Question] Even so, could we say then that there is a divorce between the PR in exile and the PR inside the country?

[Answer] I had the chance not long ago to meet with most of the Radical groups in exile, especially in Europe. They are completely loyal to the Radical Party's political stands inside Chile. Therefore, I would not contend that the statements by one activist, no matter how distinguished he may be, as is the case with Carlos Morales, reflect the feelings of the other Radicals living in exile.

[Question] But it's not just Carlos Morales. There have also been disagreements with Anselmo Sule...

[Answer] Sule has not made statements like Carlos Morales' about the National Accord and the alliance. It is my understanding that they too disagree on this particular point. As I was saying just now, the reason for this is that men who have had a lengthy political career, who have given the country so much and who have done such great work in Congress for the nation's benefit, have now spent more than 12 years in exile. They are overwhelmed with anguish and racked with despair. They have been uprooted, forced to live outside their country, unable to share in the struggles and sacrifices, and this causes them to make flippant judgments.

[Question] Do you feel that human rights violations are an issue that can be taken up at the bargaining table with the Armed Forces?

[Answer] Obviously it cannot be subordinated to negotiations. The human rights issue has been prominent in Chile from the time that the government took over on 11 September 1973. The abuses must be dealt with by a democratic government and by a revamped, more ethical court system that will objectively and impartially determine guilt, seek out the culprits and punish them fittingly.

The PR at the Polls

[Question] If there were elections in Chile in a few days, what percentage of the vote would the PR garner?

[Answer] The percentages of March 1973 have been overtaken by history. The times are different today, and so are the choices. An election tomorrow would bring together all of us whose philosophical reference point is democratic socialism. What percentage of Chileans want this? There are many Chileans who want to have development, progress, well-being and happiness. How many would identify with the Radical Party? At least the close to 20 percent who voted for the party no more than 20 or 25 years ago.

[Question] Am I to understand that the PR would be in favor of an election coalition?

[Answer] The Radical Party is the one that best represents democratic socialist thought in Chile. But we are not the only one, and we realize that clearly. There are movements of Christian and renewed Marxist origin, groups that have sprung from the Radical Party, with which it is perfectly possible and necessary to reach an agreement so that we can face the political future with a responsible platform.

[Question] Are we perhaps witnessing the birth of a new Popular Unity?

[Answer] Not at all. Popular Unity is a thing of the past; it played a role and cannot be brought back. Coalitions, political organizations, party alliances always stem from very specific historic situations. Popular Unity arose in response to one and fulfilled its mission. I am talking about a

conceptual, ideological, political and programmatic unity among those of us who share a school of thought. This is what Chile needs. To the extent that we can put together a strong force for democratic socialism, we are going to help restore democracy and promote a viable, reasonable, objective movement towards change that will raise our people's level of well-being.

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CHILE

SOCIALIST PARTY POLITICAL COMMITTEE ISSUES MANIFESTO

Santiago ANALISIS in Spanish 11-17 Feb 86 pp 1-4 (Insert)

[Text] "Because this manifesto, 'Socialists for Socialist Unity,' issued by the Political Committee of the Socialist Party of Chile (224th Congress), has inspired me and convinced me that it can contribute to the discussion of the deep and heartfelt desire for unity among thousands of socialists who regard the unity of Chilean socialists as a historic necessity, I have requested that it be published." Guillermo Zavala

1. Introduction

Just as the struggle and mobilization of the people have been stepped up in pursuit of democratic and progressive objectives, the need for the unity of the Socialist Party of Chile has been mentioned with increasing insistence by all sectors involved.

There is no doubt that significant advances have been made in the last 2 or 3 years in the reunification of Allende's party. We cannot overlook the fact, however, that this progress has been insufficient in view of the demands of the struggle and unity of the people who seek liberation. Moreover, parallel to these advances we have seen various reshufflings and realignments in some sectors of socialism, which has led to a resurgence of factionalism and further weakening of the socialists' national appeal.

The unification of socialism has not been free of the complexities resulting from the difficult years of disjointed efforts. The desire for more individual activism on the part of sectors that seek to overcome this disintegration has also contributed to this.

Nevertheless, a slow process toward socialist unity has been maturing, establishing a foundation in the effort to coordinate social fronts and geographical areas both here and abroad. These efforts have been aimed at solving the problem of disunity among socialists, with the active participation of all structures and activists, and of the vast majority of socialists.

Given the advances made by the popular, democratic and antidictatorial struggle in 1985 and the progress made in coordinating socialists, on the one

hand, and the fact that 1986 must be the year of victory over authoritarianism and regression, on the other hand, then this must also be the year when the unification process is consummated. This process has been maturing in the everyday lives of those who carry the banners of the Socialist Party of Chile within the Popular Democratic Movement (MDP).

2. Socialist Unity a Feasible Imperative

Certainly the convergence of three socialist organizations in the MDP represented a major step in the initiation of a serious and effective process of rebuilding and unifying the Socialist Party. Indeed, these organizations have been taking shape and advancing not only in a common effort to oppose the dictatorship, but also with ever higher levels of cooperation and political agreement on such substantive issues as strategic objectives, political line and path of struggle, policy on alliances, etc. The convergence and coordination of these organizations have been reflected in many initiatives that have encouraged and enhanced the prospects for unity.

Thus, for example, the formation of the Single Committee to Celebrate the Anniversary of the Party Founding provided an important stimulus and thrust to the process of unity. The socialist sectors whose general secretaries are Manuel Mandujano and Clodomiro Almeyda, and the National Regional Coordinating Office (CNR), all present at the 24th Congress, participated in this committee, which organized a series of activities and events to celebrate the party's 52nd anniversary. Along the same lines, the unification of the socialist voice at the Conference on the Foreign Debt of Latin America and the Caribbean, held in Havana, was another milestone gesture that also spurred on this process.

Also noteworthy is the proposal made to by our party by the sector under Comrade Almeyda, that we participate in the congress that they were holding. Even though this initiative fell into the category of events that were exclusively within their purview and not that of a Special Unity Congress in which all sectors could have joined together, it manifested a willingness to unite that raised certain hopes for progress in overcoming our divisiveness. As a result, the sectors that participated have reaffirmed the identity and the political legacy of the party of Grove and Allende. This willingness to unite was reaffirmed by the resolutions that were passed at that congress, providing a mandate to the leaders to move forward and consummate socialist unity.

The seminar in October 1985, which was attended by those of us who are represented in the MDP and resulted in the creation of the Coordinating Committee for Socialist Unity and the Popular Struggle, was also a positive step in the unification process.

3. Unity Now: A Necessary Imperative

We are convinced that a fundamental and qualitative step in overcoming the disintegration of socialists will most certainly provide a powerful impetus to the unification process and the effort to define terms within the left. It will strengthen the presence and appeal of the socialists on the national

scene, and above all will facilitate the vitalization of the democratic, popular and revolutionary leadership of the pro-liberation events to come. From this standpoint, the growing and sustained unity of the socialists represented in the MDP is of vital importance.

In view of the major effort our people must make this year in pursuit of their democratic objectives, the key responsibility of the socialists is to make decisive progress in the reunification process, responding fully to the demands of the present and future: strengthening the organization and struggle of the people in their many aspects, and coordinating the national masses by stepping up the mobilization in order to stage a prolonged National and Popular Strike. We should attribute particular importance to enhancing and strengthening the unity of the democratic, popular and revolutionary forces, and to coordinating the "socialist area" in which our party has historically exerted influence. This area should be an active part of the national political mobilization and coordination to the extent that it is part of the movement of the people and the Chilean left. The unification and strengthening of these sectors is a priority task within the goal of bringing about the immediate end of the dictatorship by Pinochet, the generals and the bankers.

Faced with the enormous task of achieving our democratic and progressive objectives, we socialists have decided to bring together the National Majority to respond to the demands of all Chileans to put an end to the dictatorship and eradicate its military and institutional foundations. It is the responsibility of the socialists to build, organize, strengthen and voice the concerns of this National Majority day after day in the actions against the dictatorship. This majority consists of all social and political sectors, manual laborers and intellectuals, the popular masses of the city and the countryside. With their own effort, struggle and mobilization, they will do away with the dictatorial regime and install a democratic, popular and provisional government which will call a constituent assembly, implement an emergency economic plan, and initiate and guarantee the democratization of the state and of Chilean society. This will lay the groundwork for the development of a socialist outlook in our fatherland.

4. Our Proposal: Toward a Salvador Allende Congress of Unity

We believe that this is the time to consummate the unification of the socialists represented in the MDP, the revolutionary socialists, legitimate heirs of the banners of Grove and Allende. In the visionary act of founding the party on 19 April 1933, they launched a steady and difficult process of forming and building a revolutionary political vanguard, an irreplaceable tool in the emancipation of the working classes and the national masses. They began an organization that aspires to rule, to accept and voice the individual needs of this nation in the transformation of society and its progress toward socialism, a national, popular and democratic organization capable of representing the interests of manual laborers and intellectual workers in the city and the countryside alike, building a free Chile on the basis of grassroots support.

Now is the time for unity in the Socialist Party of Chile, which has in its possession a legacy of doctrines that has been enriched during the nearly 53 years that it has been struggling. It is promoting a process of socialist change in the unjust structures of Chilean society, inspired by the plan to build a Democratic Workers' Republic. It supports a coherent policy of alliances, manifested in its concept of the Workers' Front as a base. This party is characterized by one unique attribute: its autonomy and independence from any ideological center in the international workers' movement, although it does have a clear internationalist vocation that gives priority to Latin Americanism, in view of its surroundings. It is blessed with a proletarian ideology for the interpretation of history and a scientific approach to the interpretation and transformation of social processes, enriched by the daily consistency of its political actions. Thus, the party will never grow obsolete. The party is also convinced that the use of all forms of struggle will strengthen the complex process of joining together different forces, which must be promoted on all levels to safeguard the full and effective sovereignty of the people in their historic choices.

The heartfelt desire for unity that party members express at all levels emphasizes the need to ensure full participation in the procedures that are followed. In fact there is already unity at various levels and on various fronts, within a framework of enthusiasm, fraternity and honest agreement.

It is necessary, then, for us to choose a broadly participative, democratic and representative mechanism: a congress characterized by the spirit and desire for unity that inspires us.

Such an event, which should take place as soon as possible, should include an accounting and sanctioning of the processes that have already taken place, inspired by the memory of that responsible socialist, militant activist, martyred president and leader of the popular masses, Comrade Salvador Allende.

Recognizing the complexity of unification processes, and bearing in mind the true nature of the difficulties involved in achieving such unity, but also considering the progress that has been made, it is appropriate today to provide generous stimulation for the efforts at coordination and even fusion, which will in any case safeguard what has already been achieved and justify the highest aspirations.

In this context and along these lines, if progress is made toward a Salvador Allende Unity Congress, our leadership has proposed to the sector led by Comrade Almeyda and to the CNR that we merge our respective organizations. This political and organic synthesis would be symbolized in a Unity Plenum or Conference, and in a political document that would set forth our points of agreement on political, democratic and revolutionary issues, in keeping with the inherent nature of the Socialist Party of Chile.

Our party does not and will not spare any effort or sacrifice to ensure the success of the aforementioned initiatives as soon as possible. That success will depend on the mutual efforts of everyone.

Unofficial rumors hinting that we have joined the sector headed by Comrade Clodomiro Almeyra do not contribute to the unification process. We have constantly and consistently maintained that the joining or incorporation of one organization with another is not the solution to the disintegration problem or the way to realize the deeply felt aspirations for unity in our foundations and structures. On the contrary, the unification process is the only way. Now we must devise mechanisms that will provide full guarantees to all those who take up the cause of unity and abandon their individual efforts, placing the higher interests of the unity of all socialists above any other consideration, that is, confronting this challenge and responsibility with generosity, objectivity and reciprocity.

Socialists: Now is the time for the unity of the Socialist Party of Chile. It is time to consummate the unification process that has been painstakingly built and maintained by those of us who carry the banners of the party of Grove and Allende, within the Popular Democratic Movement.

Unite to Struggle and Eliminate the Dictatorship!!

Rise up, Chile, We Shall Overcome!!

Political Committee, Socialist Party of Chile, 24th Congress

Santiago, Chile, 5 February 1986

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CSO: 3348/440

CHILE

LUCIA PINOCHET REVEALS VIEWS ON LIFE

Santiago EL MERCURIO in Spanish 15 Oct 85 pp 8, 9

[Interview with President Pinochet's Daughter Lucia, by Luis Alberto Ganderats: "Self Portrait," date and place not specified]

[Text] "So I am the woman behind the throne? Ha! How often my father has rebuked me! I am the one who takes up the negative side of things with him because everyone else presents everything in a good light. Usually I try to make him consider the things that others have not. But I have absolutely no power."

Lucia Pinochet Hiriart elaborates on her claim, backing it up with other arguments.

"I don't think I have any influence on my father. It so happens that I am a very independent person. I broach subjects with my father and suddenly I get him to see things. He is above me, and I am down here with the rest of the people. The truth is, I am the one who brings up the negative matters, those that no one else will tell him because, ultimately, they don't dare."

These frank remarks were made to Raquel Correa during an interview early in the 80's. Now, in October of '85, we find Lucia Pinochet enthusiastic about other things. She is involved in preparing the October issue of her magazine, "Image." This is the third issue published to date, and it is devoted to the Chilean language, as seen through the works of Pablo Neruda and Gabriela Mistral, and discusses the late parapsychologist, Jaime Galte, as well as literature, astronomy and folklore.

Lucia Pinochet chose Hugo Correa, Latin America's most experienced science fiction writer to be the editor of "Image," the National Culture Foundation's publication.

Correa published "Los Altisimos," the first Chilean novel of that genre, and scored a popular hit with his most famous collection of short stories, "Cuando Pilatos se Opuso."

But behind Hugo Correa we find the enthusiasm and drive of President Pinochet's oldest daughter.

Ines Lucia Pinochet has been interested in political and social affairs from a very early age. As an adolescent, she was already an activist in the Christian Democratic Party (PDC).

"I was even party secretary, which is why I laugh when other people who were once Christian Democrats now deny that they were members. I was 19 years old then, and full of idealism. I have always had a great belief in the Christian doctrine, and because of that, I thought I could be a Christian Democrat..."

When the PDC decided to oppose the military regime, she became disillusioned and since then she has not been a member of the party. She was a desultory student of very dissimilar courses and majors, skipping from political science to journalism to primary education. Finally she finished up with a course as an executive secretary, which led her to the Agricultural Commerce Enterprise (ECA) during the era of Belisario Velasco.

There she met Hernan Garcia Barzelatto, her first husband and the father of her children. At ECA she also met Hugo Correa, the short story writer and science fiction author who is now her righthand man at the National Culture Foundation--which she directs--and especially at "Image" magazine.

This Spanish-English bilingual publication, which contains the writings of Braulio Arenas, Lucia Gevert, Victor Carvacho, Enrique Campos Menendez and other famous authors, fills the yearnings of Lucia Pinochet in the area of disseminating cultural knowledge. Here she has found just the right fountain of water to quench her thirst.

Displaying neither intellectual snobbishness nor attempts at profundity, Lucia revealed some more of her deepest yearnings in the following interview.

[Question] In what ancient or modern event would you like to have participated?

[Answer] I would like to have lived at the time of the birth of Jesus Christ and to know him and hear his teachings, which have been progressively altered over the years to conform with worldly interests.

[Question] "Women guess everything and they are only wrong when they think," said the French peasant, Alfonso Karr. Do you prefer to think or guess?

[Answer] I have the bad habit of analyzing things, though I know I should just let my intuition be my guide and I would be right much more often.

[Question] Describe the perfect vacation.

[Answer] A peaceful one, surrounded by the beauties of nature, with all of my family and lots of books.

[Question] What TV programs do you habitually watch?

[Answer] Generally I don't watch television. I prefer to read and listen to music.

[Question] What would you prefer to have done with your body after your death?

[Answer] I don't care what they do. To me, the soul is the most important thing.

[Question] The Duchess of Orleans, a Franco-German, claimed that "the best trait to ensure domestic bliss between a husband and wife is stupidity." Three centuries have passed since she made that statement. Do you notice any changes?

[Answer] That is a very drastic statement, but I do believe that intelligence has not helped domestic happiness.

[Question] What behavior in a man do you reject most violently?

[Answer] A man who is dishonest. To me, that is a sign of cowardice.

[Question] If you could enjoy a confidential moment with someone, "Don Pio" style, what would you do, and to whom?

[Answer] I would go and ask the Pope to try to encourage a return to greater spirituality among the priests, because there is "a hunger and thirst for spirituality" in this very materialistic world.

[Question] For what reform do you yearn most?

[Answer] For divorce to become available in Chile, because that would benefit needy women who must manage alone without the financial support of their husbands.

[Question] What other profession would you enjoy?

[Answer] I would like to be a painter.

[Question] Have you ever wanted to kill anyone?

[Answer] I have never wanted to kill anyone, but I have wanted to hit more than one person.

[Question] Which of your virtues would you want to be recognized as an act of justice?

[Answer] My desire to do something for no purpose other than to serve the community. I don't know whether that can be considered a virtue, but I would like that to be clearly known.

[Question] What part of Chile is the most typical of the country?

[Answer] There is no single place, because Chile is a multifaceted country. The northern part of the country is very different from the south, yet all of it is Chile.

[Question] What youthful attitude makes you the most impatient?

[Answer] The same one I had as a young person; that of not listening to the experience of adults.

[Question] If you had to be born again outside of South America, what birth-place would you choose?

[Answer] A country with ancient traditions which would bring to me all of its cultural heritage.

[Question] What kinds of things did you collect as a child, and what do you collect now?

[Answer] As a child, I collected letters from friends from different parts of the country, and also books. Now I still collect books, but I also collect little boxes of different sizes, materials and places of origin.

[Question] What feelings do you experience when you think about death?

[Answer] I am anxious to know what awaits us when we cross the "threshold."

[Question] What books do you have on your night table right now?

[Answer] "Un Arte de Vivir" by Andre Maurois, "Hipsococonciencia," by John Baines, and "La Endemoniada de Santiago," by Braulio Arenas.

[Question] Which of your traits or behaviors did your parents complain about when you were an adolescent?

[Answer] My independence.

[Question] In which of your faults do you find the greatest pleasure?

[Answer] It is hard to find pleasure in a fault.

[Question] What do you enjoy wasting time on?

[Answer] Time is not wasted. It is just lived differently.

[Question] Is there something you have done which still troubles your soul?

[Answer] No.

[Question] What are the virtues you value most?

[Answer] Loyalty, sincerity, bravery and honesty.

[Question] What additional quality do you think Chilean women should have?

[Answer] I think Chilean women already have many qualities of which we should be proud as Chileans. I do not know what I could add to the qualities the Chilean woman already has.

[Question] How do you think adolescents see you?

[Answer] I don't know, but I would think they would see me just as I am, because I always try to be absolutely natural.

[Question] What human accomplishment do you admire most?

[Answer] The capacity to love.

[Question] The only secret a woman never tells is her age. To what do you attribute this?

[Answer] Both men and women deny aging. Maybe the reason is the materialistic world we live in, which disparages the agelessness of the spirit and exalts the beauty of youth.

[Question] What is your position on suicide?

[Answer] My position is one of profound sadness regarding something that is inexplicable to me.

[Question] If you had to split your household chores exactly in half, which jobs would you do and which ones would you leave for your husband?

[Answer] I would cook and I would ask him to do the dishes (with an automatic dishwasher).

[Question] How do you feel things are going for you right now?

[Answer] I think they are going well. I have matured quite a lot over the past few years. I have learned a lot from others, and from life itself. But I would always like to be better. That is the natural desire to improve oneself.

[Question] What things do you count among your collection of vanities [vanidoteca]?

[Answer] I don't collect vanities. What I have is a collection of sights and impressions [videoteca].

[Question] Tell me what you feel when you travel by plane.

[Answer] Fear.

[Question] What phobia or childish fear have you been unable to conquer?

[Answer] The fear of dogs.

[Question] How do you feel when people sincerely praise you?

[Answer] I don't like it. It makes me feel uncomfortable, and yet grateful at the same time.

[Question] What infuriates you?

[Answer] The irresponsibility of some people who think that the world belongs to them and that it only exists for as long as they live. Because of this they have no respect for their fellowmen and they soil and pollute everything.

[Question] What fool would you like to muzzle temporarily?

[Answer] I would like to silence a lot of politicians.

[Question] When you find yourself depressed, what memory helps you to smile again?

[Answer] Simple things, funny situations, memories of the children when they were little.

[Question] Ideally, in what task or job would you feel you were thoroughly using all of your abilities, satisfying your ideals and feeling full of enthusiasm?

[Answer] I have always felt satisfied with what I am doing in every task or activity I have done. I always try to use all my abilities and enthusiasm in each one.

[Question] How do you think the domestic employees in your house see you?

[Answer] I suppose they see me just as I am, because I treat all people the same way.

[Question] What TV advertisement totally irritates you?

[Answer] The cigarette ads, which are so attractive, and then comes the warning in black and white stating that tobacco is harmful. That irritates me because the warning lacks the advantage of the colorful appeal of the ad which tells you to "smoke!"

[Question] What is your most dominant character trait?

[Answer] Passion and independence.

[Question] When you find yourself alone in front of a mirror and there is no one there but you, whom do you see?

[Answer] I see a woman who seeks to see a bit beyond the image she sees reflected.

[Question] At times human beings find they must humble themselves and be silent. With whom has that happened to you, and why?

[Answer] I always feel humble and silent before God.

[Question] What feminine attitude irritates you?

[Answer] Irrational submissiveness to men.

[Question] What are the methods or habits you use to unwind and get away from it all during your days and hours off from work?

[Answer] Living life fully during my time off, in simple ways, with my family.

[Question] As a child, what did you want to be when you grew up?

[Answer] I wanted to explore the African jungles.

[Question] What are you afraid of?

[Answer] Being a survivor of a nuclear war.

[Question] What special gift would you like to possess?

[Answer] A marvelous voice.

[Question] Do you often talk to yourself when no one else is around to hear you?

[Answer] No, I don't even swear.

[Question] There are some moral issues that we in Chile face with the mentality of "furniture dealers"; that is, comfort is the most important thing. In what areas have you been surprised to find yourself acting with that mentality?

[Answer] I am too passionate and vehement to have the mentality of a "furniture dealer," as you put it.

[Question] Disregarding the obvious, in what ways do you think men and women are entirely different?

[Answer] I think they are different in every way except in that divine spark known as spirit.

[Question] Of all the things that have been said against you, what do you consider funny?

[Answer] I never worry about anything that is said, either against me or for me. Against me, because it contributes nothing to me, and for me, because it could reduce my determination to improve.

[Question] Of your contemporaries, whom do you admire most?

[Answer] I believe it would be Mrs Margaret Thatcher, because of her iron will, her courage, her drive and her constant awareness of her status as a woman, wife and mother.

[Question] What have you never been able to do because of a bit of timidity or fear of ridicule?

[Answer] Sing out loud in public, for fear of appearing ridiculous.

[Question] What are you most curious about?

[Answer] About the esoteric.

[Question] What is the character trait that has harmed you the most?

[Answer] Frankness.

[Question] What situation experienced by other people always causes you to feel a little bit of envy?

[Answer] Love that lasts through the years, just as fresh as it was in the beginning.

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DOMINICAN REPUBLIC

SECTORS RESPOND TO PRESIDENT'S ECONOMIC MEASURES

Exporters' Reaction Favorable

Santo Domingo LISTIN DIARIO in Spanish 21 Jan 86 p 9

[Article by Jose Romero]

[Text] The export sector reacted favorably yesterday to the Monetary Council's measure to reduce the exchange surcharge. Government officials praised that provision as well as others that President Salvador Jorge Blanco passed.

Maria Luisa De Windt de Tavera, a member of the Monetary Council and president of the Dominican Association of Exporters, was in favor of the provision although she felt that the remaining 50 percent of the surcharge still affects traditional exports.

When the Monetary Council approved the reduction, she voted for it and praised the provision, indicating that traditional exports would remain free of any surcharge.

A spokesman for the Federation of Sugar Growers said that the measure will be studied at a meeting today.

Dr Eduardo Tejera, director of CEDOPEX [Dominican Center for Export Development], engineer Victor Manuel Baez, president of the Dominican Oil Refinery, and Franklin Baez, director of the CEA [State Sugar Council], supported the provision.

However, the sugar workers unions considered another announcement by the president inadequate since it grants a bonus of only 10 days' pay (50 pesos) to each of the 25,000 migrant workers or cane cutters. It also condones the payment of advances or down payments for housing.

The director of CEDOPEX said that the reduction of the surcharge creates new incentives for export production. He indicated that it and the 50-centavo per gallon reduction for gas oil are very timely.

He stated that those two measures inject enthusiasm.

Tejera stated that there are still other problems in the sector like scant financing for export investment or working capital and bureaucratic obstacles or excessive government red tape for projects to be financed. There also must be greater interest by the private sector.

The director of the CEA said that instructions were already given to the Social Security director for the workers of the CEA to be treated like the workers of other enterprises.

He also indicated that President Jorge Blanco told him that two jeeps were allowed for each sugar federation that has more than 1,000 members.

The president of the refinery said that the reduction in gas oil and not gasoline was preferable because this benefits the transportation of foods and raw materials.

He indicated that there was a 12-percent drop in the use of gas oil last year that could easily have affected productive activity. Meanwhile, gasoline usage increased about 3 percent compared to 1984.

The director of the CEA revealed that the sugar producers really needed that provision to reduce the surcharge.

The officials indicated that President Jorge Blanco showed great social sensitivity.

Union Leaders' Qualified Approval

Santo Domingo LISTIN DIARIO in Spanish 21 Jan 86 p 8

[Article by Arsenio Ramirez]

[Text] Leaders of several unions agreed that the reduction in the price of gas oil ordered by President Salvador Jorge Blanco is positive. However, they said that the government measure should have included gasoline and propane gas.

The first leader questioned about the president's provision cutting the price of a gallon of gas oil by 50 centavos was Julio de Pena Valdez, secretary general of the CGT [General Confederation of Workers]. He said he felt that the measure announced by the president is positive because "it will help lower production costs, especially in agriculture."

De Pena Valdez pointed out: "It will reduce freight charges for agricultural products transported to the city and will also help lower bus fares."

He pointed out that the government has "a hidden tax which is the differential tax on hydrocarbons" which "yields a surplus every year."

The union leader noted: "President Jorge Blanco has stated on more than one occasion that he wants to leave the Dominican economy in better shape at the end of his presidential term. Therefore, he should eliminate that tax in

order to reduce the price of all the hydrocarbons in the country, not just gas oil but gasoline, propane gas, and other fuels."

Support

De Pena Valdez stated: "However, we support reducing the price of a gallon of gas oil."

The CGT leader also said that the Executive Branch's extension of the minimum wage at 250 pesos is "a victory of the union movement."

He stated: "However, we feel that the legislators must immediately set the minimum wage at 350 pesos per month even if it is necessary to impose direct taxes that lower the high profits of the large capitalists. We feel that the cost of living is much higher than the existing minimum wage."

De Pena Valdez also felt that the reduction of the surcharge on traditional exports should have been 100 percent.

He stated that this measure was passed because of pressure from the Dominican union movement and also pointed out that this tax should be eliminated for sugar exports.

CGT-M

Carlos Tomas Fernandez, organizational secretary of the CGT-M [CGT-Majority], felt that the reduction in the price of gas oil was overdue because the price of a barrel of oil from Mexico or Venezuela had already been reduced several times and the government had not made any decision on this.

He said that the reduction should have been bigger and should have included the prices of gasoline and propane gas. He added: "This is going to have repercussions on the prices of some agricultural products. The government already accumulated a reserve through the differential on fuel prices and the exchange surcharge."

He revealed that the CGT-M felt that the level of the minimum wage was irreversible and no one could push it to fight for a conquest it had already won.

Fernandez stated that the 36-percent tax on exports should be completely eliminated since it hurts the national economy.

CASC

Gabriel del Rio Done, secretary general of CASC [Autonomous Confederation of Classist Trade Unions], felt that President Jorge Blanco should have included other fuels in the reduction.

He explained: "The reduction in gas oil will benefit a very important sector but we feel that the housewives should have been considered. A reduction that would help Dominican families more directly was needed."

He pointed out: "We feel that the reduction for fuel was well received but there is no question that the government should have handled it differently. Gasoline and propane gas should have been included."

He said that the authorities should have cut the price of a gallon of fuel 1 peso.

He stated that continuation of the minimum wage is very good for the Dominican working class.

However, Del Rio Done accused President Jorge Blanco of trying to divide the cane workers between permanent and temporary workers.

He pointed out that the chief of state should have authorized a certain amount in loans to all cane workers. He felt that all the workers "should continue their resolute struggle to win their demands."

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DOMINICAN REPUBLIC

GOVERNMENT RENEGOTIATES DEBTS WITH FRG

Santo Domingo LISTIN DIARIO in Spanish 18 Jan 86 pp 1, 11

[Article by Tulio Navarrete]

[Text] The government yesterday signed an agreement with the FRG to renegotiate its public debt of 62.9 million pesos for a term of 5 years.

The agreement was finalized based on the Paris Club protocol agreed on and signed on 21 May 1985 to consolidate the Dominican Republic's foreign debts.

That agreement defers payments on several debts guaranteed or paid for by the FRG. This covers German loans to Dominican debtors for more than 1 year signed before 30 June 1984.

It is the second agreement the government has signed to renegotiate its foreign debt through the Paris Club.

Several days ago, an agreement was signed by the Japanese and Dominican Governments.

According to the agreement, the details of the deferment of payments covered in "paragraph 1 will be determined by the signatories to the agreement to consolidate Dominican debts derived from credits for German supplies and services covered in this agreement."

The second article indicates "that the German Government gives the Dominican Government the chance, through an additional contract that will have to be agreed on between the Dominican Republic and the Kreditanstalt für Wiederaufbau, to modify the loans signed with it before 30 June 1984 for a total of 52.5 million German marks (62.9 million pesos)."

Foreign Minister Jose Augusto Vega Imbert signed for the Dominican Government and the German ambassador in Santo Domingo, Ulrich Schoning, and Ms. Gudrun Schlitzberges, an official of the German Ministry of Finance, signed for the German Government. The governor of Central Bank, Hugo Guiliani Cury, was present.

Vega Imbert and Ambassador Schoning spoke at the ceremony held at noon yesterday in the Foreign Ministry.

The German ambassador stressed the importance of this agreement to renegotiate the foreign debt government to government because of the economic aid that his nation will continue to lend this country.

He said that he was satisfied with the agreement because it is the basis for expanding trade relations between the two countries and German financial cooperation with the Dominican Republic.

Foreign Minister

Foreign Minister Vega Imbert said that the agreements signed express the firm tradition of friendship and solidarity between these two countries with profound democratic callings, "pledged to seek satisfactory solutions to mutual problems."

He also pointed out that bilateral negotiation has been possible as a result of "friendly but intensive negotiations held at a high technical level by representatives of our countries."

Vega Imbert pointed out the country's efforts to stabilize its economy, indicating that it has been "applying a strict economic adjustment program within the framework of the agreement with the IMF. It is also proceeding to fulfill its financial obligations to the Paris Club in order to improve the economy and reorient it toward development objectives that are more in accord with the plans to stimulate the national productive capacity."

However, he warned that this economic policy has been carried out despite the "current adverse situation of the foreign sector of the Dominican economy: the lower prices for our basic exports; the loss of competitiveness in those sectors; and the adoption of protectionist measures."

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DOMINICAN REPUBLIC

PAPER PUBLISHES SUMMARY OF JAPANESE AID

Santo Domingo LISTIN DIARIO in Spanish 19 Jan 86 p 15

[Text] The official aid program of the Japanese Government is named ODA [Official Development Aid]. Although not all-inclusive, the aid can be divided basically into two categories with clearly differentiated characteristics: technical cooperation and economic cooperation. Both programs have a common goal and objectives: to contribute to the socioeconomic progress of the developing countries. Last September, the Japanese Government adopted a specific medium-term goal: to double the amount of ODA over a period of 7 years. This means the disbursement of approximately \$40 billion during that period. The ODA to the Dominican Republic has increased greatly in the last 5 years: the amount of aid in 1984 was four times more than the amount in 1980.

I. Technical Cooperation

Aid under this category is all "nonreimbursable"--in other words, donations. These programs try to carry out the mission mentioned above through the transfer of technology. The JICA [Japanese International Cooperation Agency], a branch of the Ministry of Foreign Affairs, is the executing agency. These programs are basically divided into five types, all of which are implemented in the Dominican Republic.

I-A Development Studies

Based on official requests from government institutions, JICA agrees to carry out feasibility studies or research for different development projects. These are part of a general plan for national development and have great significance and priority for the social and economic development of the country.

Since 1980, JICA has done four feasibility studies and one research project on natural resources for different organizations of the Dominican Government. During this period, about 30 missions of specialized Japanese technicians have visited the country to do research work at an approximate cost to the Japanese Government of \$8 million. The list of projects is as follows:

1) 1980. Modernization of the Electrical Distribution Network in the city of Santo Domingo. Beneficiary: CDE [Dominican Electrical Corporation]. About 3

years ago, the Dominican Government obtained a loan from Venezuela for this project. It is now in the final stage of the first phase of implementation. The objective of the project is to decrease energy losses--which represent 25 percent of total production--caused by old and obsolete distribution lines and by fraud.

2) 1980-1982. El Pozo Agricultural Development Project in the AGLIPO area. Beneficiary: IAD-INDRHI [Dominican Agrarian Institute-National Institute of Water Resources]. Japan has had total involvement in this project: from formulation of the project to financing its execution. In other words, the project has evolved from technical cooperation to economic cooperation.

3) 1982-1984. Development Project for the El Torito-Los Veganos Hydroelectric Complex in Alto Yuna. Beneficiary: CDE. The feasibility study examined the viability of constructing two hydroelectric dams in the upper basins of the Yuna River. The Dominican Government has requested financing from the Japanese Government.

4) 1983-1985. Las Canita-Mata Grande Mining Exploration Project. Beneficiary: DIGEMIN [General Directorate of Mining]. The third and last year of study has just been completed. The objective of the project is to find copper deposits in zones that have not been explored by the Dominican Government. The final reports will be delivered to the Dominican Government in April 1986.

5) 1984-1985. National Network of Cultural and Educational Radio and Television. Beneficiary: RTVD [Dominican Radio and Television]. The objective of the project is to physically strengthen the RTVD, the government broadcast station, and begin transmission of extensive educational programming on radio and television. The final reports were presented last summer.

6) 1985-1986. El Aguacate Guayabo Agricultural Development Project. Beneficiary: IAD-INDRHI. It is the second stage of the AGLIPO project. The feasibility study has the same objective as before. It is now in its first year of research.

In addition to these projects, a mission is expected to arrive in February 1986 to work on an agreement with Dominican officials concerning the terms for a feasibility study for the rehabilitation of the port of San Pedro de Macoris. An agreement for continuation of aid to DIGEMIN is expected to be formalized this year. Other aid projects are also being considered by the Japanese Government.

I-B Donation of Equipment and Machinery

Called "Equipment Supply Program" by JICA, this program is closely tied to the above and to the program of visiting experts, but is not limited exclusively to them. Basically, equipment is donated as a complement to research work, as support to development projects, and as support to the work of different experts. The most significant donations in recent years have been the following: three jeeps and two boats for the IAD; two water level recorders, three limnographs, two marigraphs, and two jeeps for INDRHI; one high-temperature furnace and two electric lathes for CENADARTE; two drills and

several collectors of hydrological information for the CDE; one complete set of telecommunications equipment for the DGT Training Center; equipment for training and practice of artificial insemination of cattle for the SEA; three water pumps for INDRHI; and one drill and other tools for geological research for DIGEMIN.

The public health sector has benefited from this JICA program. Endoscopic equipment and other equipment for research and analysis of diseases have been donated to several public hospitals in the country. These donations total more than \$1.5 million. Implementation of similar donations in other areas is expected soon.

I-C Visiting Experts

At the request of several government institutions, nine Japanese experts are working in the country as advisers in different areas. This program, like all of JICA's, is completely paid for by the Japanese Government. The professionals and their corresponding institutions are as follows: two engineers specializing in irrigation and drainage and geology in INDRHI; two engineers specializing in telecommunications in the DGT; one agricultural economist in the IAD; one engineer specializing in electrical distribution in the CDE; one veterinarian specializing in artificial insemination in the SEA; and two geologists in DIGEMIN. All have been sent for a minimum period of 2 years which can be extended.

I-D Training of Dominican Technicians

JICA invites about 20 technicians and officials of the Dominican Government each year to receive training in different branches and to make observation visits to Japan. The average duration of these visits is 2 to 3 months and the program--including transportation, lodging, and food--is completely paid for by the Japanese Government. The training courses have been designed by specialized professionals with several years of experience. A total of 67 Dominican technicians and about 20 government officials have visited Japan in the last 4 years.

I-E Program of Volunteer Youths

An agreement that was signed between the two countries in March was ratified last June by the Dominican Congress. It implements this program. The nature of the program is similar to the program of visiting experts but, in this case, all are youths who are qualified professionals. They are not paid for their work but receive a subsistence allowance. In the first half of next year, eight youths will arrive in the country: four in January and four in May. The following institutions will receive them: INFOTEP [National Institute of Technical-Professional Training], FDD [Dominican Development Federation], UNPHU [Pedro Henriquez Urena National University], ADN, and IAD.

II. Economic Cooperation

Different from the technical cooperation programs, this can be summarized in one word: loans. The official executing agency is known as the OECF

[Overseas Economic Cooperation Fund]. This organization finances from 70 to 80 percent of the cost of those national projects that are considered of priority importance for the development of the country. The loans that the OECF grants are known as "soft" loans. Their interest rates average about 3 percent per year, depending on the economic conditions of each case and the nature of the project. The average period of amortization is 28 to 30 years with an average grace period of 8 to 10 years.

II-A Rural Telecommunications Project

During the summer of 1980, the Dominican Government obtained the first OECF loan, approximately \$15 million, for a project known as the Rural Telecommunications Network. The project which was completed last spring involved the modernization of the national telegraph system and the installation of telephones in those places where that service did not exist. The DGT was the executing agency for the project.

II-B El Pozo Project in AGLIPO Area

In March 1983, an agreement was signed for the second loan from the OECF to the Dominican Government. The funds, some \$37 million, were allocated to the project for "Agricultural Development of El Pozo in AGLIPO." The project includes the construction of irrigation and drainage infrastructure for the recovery of some 8,000 hectares in the marshy area of Nagua for the IAD rice settlement program. Dominican authorities have evaluated the importance of this project, calling it the future "national granary." INDRHI is the executing organization. Work began on the construction of the infrastructure projects last summer. It is expected to take 4 years.

Both soft loans have an amortization period of 25 years which includes 7 years of grace and an annual interest rate of 4.25 percent. Nevertheless, the loan extended to the AGLIPO project includes a section that is even more beneficial for carrying out the projects: 30 percent of the total loan can be used as local counterpart if necessary.

III. Study Trips

In addition to the JICA courses, there are other programs sponsored by official organizations which invite people to Japan.

The Ministry of Foreign Affairs annually invites two or three distinguished Dominican intellectuals. A considerable number of government officials, intellectuals, and journalists have been invited in recent years.

The Japanese Ministry of Education each year offers a long-term postgraduate scholarship. Ten Dominicans have received this scholarship so far.

IV. Cultural Donations

The Japanese Ministry of Foreign Affairs also has a program to supply materials and equipment called "cultural donations" due to the nature and content of the program. There have been two donations of this type so far.

SEDEFIR [Secretariat of State of Sports, Physical Education, and Recreation] has received complete sets of gymnastic equipment. Last year the Museo de las Casas Reales received audiovisual equipment and equipment for the preservation of archaeological objects. A shipment of violins for the General Directorate of Fine Arts is expected this year.

V. Japan Foundation

The Japan Foundation, a semiofficial institution, is devoted to the development of cultural exchange. Its programs of book donations are already well known at most of the main universities, libraries, and cultural centers in the country. Prominent Dominican artists and intellectuals involved in the cultural sector have also been invited by the Japan Foundation.

7717

CSO: 3248/216

DOMINICAN REPUBLIC

AID AGREEMENT ON CATTLE PROJECT SIGNED WITH CANADA

Santo Domingo LISTIN DIARIO in Spanish 20 Jan 86 p 3C

[Article by Manuel Silvestre]

[Text] The Secretariat of State of Agriculture and the Canadian Government signed an agreement "to continue consolidation work on Cattle Project D-1 in Ysura, Azua."

According to the agreement, Canada will invest 390,000 Canadian dollars and the Dominican Government some 70,000 pesos.

The agreement was signed by the Canadian ambassador, Mr Victor George Lotto. Agricultural engineers Federico Cruz Dominguez and Carlos Guillen Tatis, secretary of agriculture and director of the Dominican Agrarian Institute, respectively, signed for the Dominican Government.

Cruz Dominguez said that Project D-1 "should become a model for Latin America. Some 12 million pesos have already been invested in it."

He added that, in addition to consolidation of the project, "there will be work on milk production and balanced feed under the new agreement."

He explained that the new contribution from the Canadian Government will be used to purchase the materials and equipment needed for this project including agricultural machinery, semen for artificial insemination, vehicles and other equipment, and veterinary equipment.

The secretary expressed gratitude for the generous and determined collaboration of the Canadian Government. Its technicians have been as involved as the Dominican technicians in the project.

He said that he hopes that, with the new expanded agreement, work on the infrastructure, milk refrigeration and collection, cheese storage, and preparation and formulation of feed under Cattle Project D-1 will be completed this year.

Ambassador Victor George Lotto explained that Canada has technology in that sector that can contribute to the cattle development of this country. Therefore, we could have a very successful project.

The agreement was signed in the conference room of the Secretariat of State of Agriculture at Centro de los Heroes.

DOMINICAN REPUBLIC

ARCHBISHOP COMMENTS ON POLITICAL SITUATION

Santo Domingo LISTIN DIARIO in Spanish 15 Jan 86 p 7B

[Excerpt from speech by Monsignor Nicolas de Jesus Lopez Rodriguez, archbishop of Santo Domingo, when honored as the 1985 Man of the Year by the Foreign Press Correspondents Club]

[Excerpt] I again express my gratitude to the distinguished Foreign Press Correspondents Club for the honor that you saw fit to confer on me. I take this occasion to share some concerns with the beloved Dominican people which some mass media have echoed recently.

We are in the midst of an electoral campaign that presumably will intensify in the coming months. This is normal in every country that can choose its own government.

It is a time of great responsibility, especially for the political parties. I am referring to the selection of candidates who will be presented to the people. Unfortunately, the criteria of ability, honesty, experience, competence, and sense of duty do not always prevail. When it is time to select candidates, those who have distinguished themselves through friendship or support for certain influential people in the party are considered, ignoring their moral qualities and even ability. This is unacceptable.

Obviously, better qualities and greater personal ability must be required of those who aspire to positions of greater responsibility.

What I am saying about candidates for elected positions is also true for the same reasons about those who are appointed to any office in public administration.

As I have said before, serious people with a political calling should become involved in politics, not limit themselves to criticism and complaints about what we all see is bad. In my opinion, the only way to rescue politics from its age-old defects is to put it in the hands of those who have the qualities to practice it and have proven that ability during their careers.

It is necessary to show the people through deeds that politics is not synonymous with lies, hypocrisy, opportunism, usury, abuse, compromises,

intrigues, and corruption. That is what the people think because that is what they have seen. Many people are convinced that all those who "arrive" are the same.

If we want the Dominican people to continue loving our shaky democracy (and we must say that it has been their preference for more than 20 years), we must give the people back the confidence that they have been losing as a result of repeated frustrations and disappointments. All the politicians of all factions, groups, and tendencies must learn this.

There are other reasons for concern. There is uncertainty about wages remaining at the levels that were set months ago. It seems incredible that there has been more than enough time to solve this problem but it is still pending.

The same is true of the national budget, the calls for strikes by various groups, price alterations by unscrupulous businessmen, and limitations to freedom of expression. These are serious concerns for the citizens.

Despite all this, we are sure that the Dominican people aspire to truly free elections for which they will continue to prepare. That is their right and, therefore, we all have the obligation to respect it.

In conclusion, I am pleased to greet the representatives of the mass media as well as the directors of the Foreign Press Correspondents Club. I pray that 1986 will be a year of achievements and that we will all serve the Dominican people more loyally and generously.

It seems like it is useless to mention such obvious things, but that is not true for us. Many of our legislators suffer from crass ignorance of their obligations.

The Central Electoral Board which has the responsibility for preparing, holding, and successfully carrying out the elections will need total participation by the government and the citizens to fulfill its task.

We know that it is a delicate and complex process. We must have the necessary resources and required personnel to offer the security of absolutely honest elections.

In order to achieve this, it is necessary to give all the candidates the same facilities and guarantees for movement and promotion of their respective programs and campaigns.

It is even more unusual that they continue collecting for work that has not been done. In good conscience, those funds should be allocated to many other noble causes and needs like the hospitals, children's homes and homes for the elderly, clinics, etc.

If only the legislators would voluntarily renounce those wages which they should not receive because they have not earned them.

It will be good for the political parties to be serious about the selection of candidates for Congress.

Not just any person can go there and sit on the bench, more or less bored. It should be known that it is a congress. Its prerogatives, its tremendous importance in strengthening a democratic government, how it functions, the rights and duties of a legislator, etc., must be known.

The mechanisms of constitutional guarantees that other countries have in order to control and correct those who commit a breach of faith should be established.

Another motive of concern is the complete break between the substantive branches of the state. It gives the impression that, instead of independent branches (as they should be), they are antagonistic branches that are in constant conflict, hindering their respective work. We hope that there are adequate channels of communication in the future and that, through absolute respect of prerogatives, solutions and good and respected agreements can be reached. Otherwise, the country will continue to drift.

The current situation of the National Congress and, more concretely, the Chamber of Deputies merits special attention. There will always be exceptions.

The legislators were elected by their respective provincial constituents to legislate. However, it looks like they forgot this responsibility.

These illustrious representatives of the people do not realize that, through their attitude, they make people think that their work is not important, that it can usually be ignored, that the country does not need their services.

7717

CSO: 3248/214

DOMINICAN REPUBLIC

ROSARIO GOLD MINE REPORTS 1985 PROFITS

Santo Domingo LISTIN DIARIO in Spanish 17 Jan 86 pp 1, 9

[Article by Jose Romero]

[Text] Rosario Dominicana ended the year with a profit margin of some 40 million pesos, notably improving its financial position compared to 1984, according to the president of the company, Carlos A. Bermudez.

He pointed out that this profit margin was basically achieved through the administrative policy of cost control, one of the main undertakings of his administration. The average international price of gold was slightly lower in 1985 compared to 1984.

He said that the enterprise is particularly happy because the international price of gold has been rising again and is already more than \$360 per ounce, a level it has not reached for 18 months.

Bermudez indicated that the enterprise cannot control--that is, has no direct effect on--the price since that is an international factor. However, it does its work by controlling costs.

He indicated that the increase in the price of gold contributes to greater liquidity in hard currency for the country, precisely at a time when the price of sugar has dropped.

He said that the main concern is to continue maintaining acceptable levels between the cost of mining gold and the sales price.

There have been considerable achievements in this. With all its problems, 1985 was one of the best years in terms of profits for the enterprise.

Bermudez indicated that one factor that affected this result was that, with the exchange unification, Central Bank now gives it a higher rate of exchange, not the former one-to-one ratio.

As to payment of the debt, he pointed out that as Central Bank obtains dollars, Rosario builds a reserve in pesos to turn over to Central Bank when

it is time for payment again. This is currently paralyzed by the agreement with the IMF.

He explained that the pesos it has to pay, which are also measured at the new exchange rate, are reserved for the time of payment.

Bermudez said that when international prices rise, as they do on a cyclical basis, the enterprise tries to exploit it as much as possible, selling the maximum and accelerating extraction. At this time, the movements of the market are being closely followed in order to improve sales.

He said he was very satisfied with the new explorations which have made it possible to extend the useful life of the oxide mine about a year longer with the discovery of new deposits. When his administration began, the useful life was estimated at 5 years.

There is more time to obtain the necessary financing for the development of sulfuric gold which would mean higher production.

7717

CSO: 3248/216

ECUADOR

ENERGY MINISTER ON AMORTIZATION OF PIPELINE DEBT

Quito EL COMERCIO in Spanish 16 Jan 86 p D-10

[Text] The trans-Ecuadorean oil pipeline will become the property of Ecuador next May following amortization of the cost of the project, which began in 1970. Meanwhile, various alternative possibilities for expanding its capacity to make it possible to ship out the new crude oil production in the coming years are being studied.

Acting Minister of Energy and Mines Fernando Santos has revealed that there are several possible ways of pumping the oil that the international companies will extract from the fields they are operating under service contracts.

He mentioned two of them, of which the leasing of the Colombian oil pipeline, which has been underutilized, is the least probable.

The first alternative, which has priority, involves expansion of the capacity of the system in three stages. Another pump would be installed at the 5 pumping stations in Lago Agrio, Lumbaqui, Salado, Baeza and Papallacta, as a result of which 320,000 barrels per day could be taken out. The cost would come to about \$115 million.

The second phase would involve building a new pumping station in Quinde to increase the capacity to 350,000 barrels, with an investment of \$150 million. The third stage would involve the installation of two pumps at the five pumping stations, to bring the oil transport capacity up to 400,000 barrels. The cost of this last stage is estimated at \$200 million.

Santos Alvite said that it is expected that the studies on the results of the drillings the international companies will undertake in the course of 1986 will be ready by the end of this year.

However, he explained that the prospects involved are long-term, since the country will have the "great new production" in approximately 5 years.

Speaking of the production potential in the southeastern sector, he said that the studies submitted by the French Oil Institute offer two alternatives for taking out the crude oil this zone would produce.

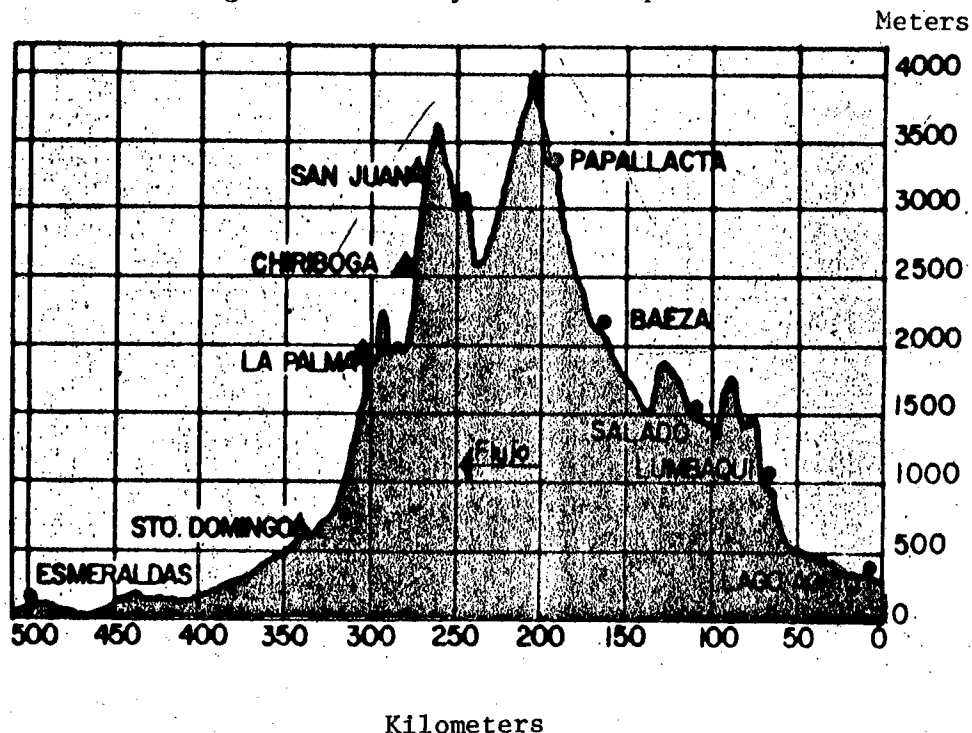
If the reserves established total 800 million barrels, a branch of the oil pipeline 130 kilometers long would have to be built between Tiguino and Montalvo to carry a 150,000 barrels. However, if the volume of the reserves is greater than this, a new pipeline would have to be built from the southeastern sector to the Balao terminal.

At the present time, the trans-Ecuadorean pipeline has the capacity to transport 300,000 barrels per day. It covers a total of 503 kilometers, beginning at Lago Agrio, the initial point in the northeastern part of the country, making a broad curve towards the south, and ending at the port of Balao in Esmeraldas, where the crude oil is delivered to six tanks with a capacity of 320,000 barrels each.

Along its length, the pipeline climbs to altitudes in excess of 4,000 meters, passes through the towns of Baeza and Papallacta, and drops to the Valley of the Chillos in the Inter-Andean pass. It then climbs the Western Range again, passing through the settlements of San Juan and Chiriboga, drops toward the coast through the settlements of Santo Domingo de los Colorados and La Palma, and proceeds from there to the terminal station located on a hill near Balao.

Beyond its outlets to the storage tanks at the maritime terminal, the oil pipeline extends a short distance of 6 kilometers into the sea, where the vessels anchored near the two buoys load oil at a rate varying between 50 and 80 thousand barrels per day.

Heights Crossed by the Oil Pipeline



5157

CSO: 3348/425

ECUADOR

LARGE OIL INVESTMENT EXPECTED IN 1986

Quito EL COMERCIO in Spanish 14 Jan 86 p D-8

[Text] The international companies operating in the hydrocarbons sector in this country will make increased investments in the exploratory drilling and assessment programs this year.

The Esso-Hispanoil company will put its resources into geological and geophysical prospecting, in a total amount of \$5,750,000, covering field work and road construction. The drilling of wells in Block 8 in the Amazon region is not planned.

The same is the case with the Belco company, which will invest \$2,124,000 in field work and evaluation and processing of seismic data from Block 1 offshore, but will not launch the drilling of the first exploratory well.

However, in Block 2, \$953,000 will be allocated for the geological and geophysical prospecting program, and \$4,474,600 for the building of a stationary drilling platform for a 10,000 foot well and a logistics base near Guayaquil.

Occidental, for its part, which operates in Block 15 in the Amazon region, will invest \$6,043,000 in exploratory drilling and evaluation. Of this sum, \$5,808,000 will go to cover the drilling of the second exploratory well, while \$4,996,000 will be spent on seismic work over a total of 600 kilometers, to complete the total for the block.

The investments of the Texaco-Pecten consortium will come to \$4,120,000, covering topographic work over 880 kilometers, 1,200 kilometers of seismic lines, as well as magnetometric studies and data evaluation, and \$1,050,000 for the purchase of equipment and materials.

Occidental will invest \$125,000 for the purchase of plants and equipment. The Esso-Hispanoil consortium will invest \$219,000; Belco will invest \$15,000 in Block 1 and \$45,000 in Block 2; and the Texaco-Pecten consortium will invest \$70,000 in Block 6 on the coast.

The investments by Occidental to cover administrative expenditures will total \$1,170,000, while those of Esso-Hispanoil in Block 1 will total \$1,136,000;

those of Belco in Block 2 will total \$287,500; and those of the Texaco-Pecten consortium \$460,000.

Occidental has allocated \$2,187,000 for other operational expenditures; Esso-Hispanoil has allocated \$1,395,000; Belco, \$551,200 for Block 1 and \$1,096,800 for Block 2; and the Texaco-Pecten consortium \$539,000.

In all, the totals for the various programs come to \$14,521,000 for Occidental, \$8,500,000 for Esso-Hispanoil, \$2,977,700 for Block 1 and \$6,856,900 for Block 2 for Belco, and \$6,239,000 for Texaco-Pecten.

5157

CSO: 3348/425

GUATEMALA

MEDIA CRITICIZE CEREZO'S ACCESSIBILITY POLICY

President Announces Changes

Guatemala City PRENSA LIBRE in Spanish 25 Jan 86 p 4

[Text] The nation's chief executive, Vinicio Cerezo, told newsmen yesterday that all press conferences would be scheduled in advance, because both he and the cabinet ministers need time to plan their work for the country's development.

He said that to prevent the speculation and misinformation that has occurred under previous governments, the ministers would report specific actions, not unfounded rumors to the press.

"Thus, the ministers will give a press conference every week, but it will be scheduled in advance. In other words, every week a minister will talk about the activities of his ministry, and the president of the republic will hold a conference every 2 weeks."

Housing

The president indicated later on that one of the country's biggest problems is the lack of housing for thousands of Guatemalans. An emergency council has thus been set up to develop solutions for this problem within 3 months at the latest.

He called on people in rural areas not to come to the capital with the idea that they are going to find housing and jobs here. The problem will be tackled both in the capital and in the provinces.

Mutual Support Group (GAM)

With regard to the petitions from the GAM, which is protesting the disappearance of some 300 relatives, President Cerezo asserted that "the necessary investigations will be conducted to give the GAM people a clear-cut answer."

Santos Defends Guidelines

Guatemala City PRENSA LIBRE in Spanish 29 Jan 86 p 4

[Text] The public relations secretary of the presidency, Julio Santos, said yesterday that "the doors to the ministries will not be closed to newsmen; there will be more information and greater freedom, as the law provides."

The government spokesman was questioned by reporters at the military airport in connection with the displeasure among newsmen in the wake of President Cerezo's remark that once a week one of his ministers is going to give a press conference and he (the president) would give one every 2 weeks.

The fact of the matter, Santos stressed, is that President Cerezo did not mean that the ministers would only give press conferences on a certain schedule; rather, there will more information in addition to the conferences.

"There has been some confusion over this issue. According to what President Cerezo said, there will be more information, and there is complete freedom of information. But besides the daily reporting that our respectable colleagues from the media do, in addition to being able to interview the ministers on any topic, we are going to give you 15 press conferences in 15 days.

"There are no restrictions on the freedom of information; on the contrary, there is greater freedom and more information. So from now on reporters are going to have more work."

Was any decision made after what President Cerezo said because of protests by certain papers?

"There was no change. That was the initial idea. Perhaps the media did not understand at first the true nature of the new reporting policy that the president wants to establish. In other words, to give more information to the people, because that is our great responsibility.

"There used to be complaints that the people were misinformed. Now, besides the daily reporting by newsmen, we are going to give a daily press conference."

Press Called 'Unprofessional'

Guatemala City PRENSA LIBRE in Spanish 25 Jan 86 p 10

[Editorial: "President Cerezo's First Press Conference"]

[Text] The president of the republic, Vinicio Cerezo Arevalo, addressed a variety of issues, all of them of interest, at his first meeting with reporters since he took office on 14 January. As always, the economy was front and center, followed by the mysterious outbreak of violence that has led to the discovery of several bodies in rivers, along roads and at garbage dump sites in the capital city. And of course there were the questions about squatters on private lands.

The president underscored his complete devotion to the law as the hallmark of his administration. This is what the country has wanted for some time. Many of the misfortunes that now afflict us are probably due to the illicit actions of government. A government guided by principles that safeguard human dignity, economic development, sovereignty and, above all, freedom, is what the country needs to slowly but surely forge its destiny.

The president's press conferences could be more useful, however, if all the reporters asked questions that would elicit answers that are as useful as possible to the people, because as was the case yesterday, some, very few to be sure, show up without having prepared any questions. They show up to be seen and launch into lengthy speeches before posing a question with an obvious answer. One gets the feeling that what these gentlemen want is for the president to notice and get to know them and then, comfortably seated in their living rooms back home, to see and hear themselves. One of them asked a question about the agrarian reform yesterday, but beforehand he reeled off a lengthy speech that was of no interest whatsoever to either government officials or the public. Our media colleagues ought to realize, once and for all, that their opinions do not count, nor does their perspective on things count; what everyone is interested in is the responses and opinions of the officials being interviewed.

Officials often show admirable patience, though from time to time they may be tempted to give answers that are not at all to the liking of the questioner. One official revealed in a friendly conversation a few days ago that when he is asked: Will the government allow the death squads to continue operating? he silently asks himself a different question: Does this reporter think I'm stupid enough to answer yes, to tell him that we are going to allow the death squads to continue operating?

It is not asking too much of our colleagues to take the trouble of doing some research before attending these news conferences so that they can ask intelligent questions that are as specific as possible. We repeat, a reporter's bombastic speeches are of no interest. What is of interest is the quality of his questions.

One reporter, and here we are moving onto another topic, was saying yesterday shortly after the conference that he was horrified when one of his colleagues asked the president when the Public Relations Secretariat would start handing out advertising contracts to certain radio news programs. It would seem that he is unable to distinguish between a press conference and a business meeting. We believe that the questions will be more intelligent at upcoming press conferences. The public will thus be better served.

8743

CSO: 3248/262

GUATEMALA

CONGRESS CALLS FOR REPEAL OF MEJIA'S AMNESTY

Guatemala City PRENSA LIBRE in Spanish 29 Jan 86 p 2

[Text] Several legislators have called on the full session of Congress to repeal Decree-Law 8-86, which grants general amnesty to all individuals who are accused of committing or who committed political and related common crimes from 23 March 1982 to 14 January 1986.

The motion, which got through the first step towards passage, was submitted to yesterday's full session by congressmen Enrique de Leon (PSD), Edmond Mulet (UCN), Richard Shaw (UCN), Jaime Archila Marroquin (UCN), Arturo Amiel (UCN) and Hector Vasquez Gomez (PSD).

In the preamble the sponsors indicate that "during its last days in office the de facto government that has just handed over power issued a series of decree-laws on a broad range of matters. Most of them should be reviewed thoroughly and immediately repealed, because they are at odds with the current constitutional period and run counter to the Guatemalan people's desire for justice and peace.

"One of the decrees is 8-86, which the government issued to protect itself. The fact that the period that the amnesty covers coincides exactly with the time that the de facto government was in power shows that it was trying to protect itself. They ignored the rights of an entire nation, however. Most of the members of the security forces never committed crimes, and the attempt to protect them all implicates them all, which is not fair. Most of them are being pardoned for something that they did not do.

"President Cerezo Arevalo has announced that the government will not prosecute those who may have committed political and related common crimes and that the Executive Branch will take responsibility only for what happens henceforth in connection with human rights violations. In ruling out government prosecution, he said that those who regard themselves as injured parties can turn to the justice system.

"Private actions at law should be the rule here then. In other words, if the government cannot or does not wish to take the initiative, at least constitutional guarantees ought to be honored and citizens permitted to avail themselves of the law.

"We cannot allow a decree that restricts civil rights and that was enacted by a de facto government to remain in effect when the constitution is now in force," the sponsors of the motion state elsewhere. "Nor can we allow people who have never committed crimes to be pardoned. We cannot let stand a piece of legislation that benefits only those who issued it."

GUATEMALA

CONFLICTING INTERPRETATIONS SURFACE ON RULE 3

Cerezo Announces Repeal

Guatemala City PRENSA LIBRE in Spanish 6 Feb 86 p 6

[Text] The taxes that correspond to the so-called "Rule 3" will be temporarily suspended this year so that there will be no excuse for raising prices for previously imported goods, stated President Vinicio Cerezo Arevalo yesterday.

The leader told the press that people "are trying to blame the government" for the rise in the prices of various imported goods. "The truth is," he emphasized, "no one has been made to pay taxes on the imported goods."

"Therefore, so that there will be no excuse and so that we can really have objective data to ask them (merchants) to work on behalf of the national interests, at this time we are sponsoring a measure in Congress to help the people."

President Cerezo also announced that in a short time the finance minister will hold a press conference to report on a package of economic measures for the short term. First, however, the package must be discussed with the different sectors in the country.

As for the mass dismissals of employees in various municipalities, the president stated that "instructions have been given to all Christian Democratic mayors to stop these actions and to dismiss only those individuals proven to have been involved in activities considered to be corrupt."

In the case of the capital city, he stressed, the government respects municipal autonomy.

"We have not engaged in mass dismissals; only a handful of people who really committed offenses, or, for example, some who drew salaries and never showed up for work, were fired."

Two Press Conferences

Cerezo also reported that next week there will be two press conferences. In the first, he will discuss various aspects of the plan of action designed to solve housing problems. At the other, he will report on the initial steps toward economic stabilization, which are expected to take place at the end of March.

Law in Effect

Guatemala City PRENSA LIBRE in Spanish 8 Feb 86 p 2

[Text] "The enforcement of Rule 3 has been misinterpreted, because the agreement for the new Central American Tariff became effective on 1 January. Therefore, there is no 1-year exemption for importing new goods," stated Dr Rodolfo Paiz Andrade yesterday.

"President Cerezo stated with the best of intentions that those goods which had been negotiated before 1 January and were still in warehouses, or which had not yet arrived in the country even though the transaction date had passed, were exempt from taxation under Rule 3.

"He mentioned a period of 1 year, but many mistakenly thought that it meant the current calendar year 1986. That is not the case; there are also limitations which allow for merchandise shipped through February," added the minister.

"The Central American Tariff agreement cannot be modified, because the five countries in the region are subject to it. It was designed specifically to strengthen the Central American Common Market, which will benefit everyone by reactivating the regional economy.

"As for merchants or industrialists who have already paid their taxes, taking into consideration the flexibility built into the decree, naturally the possibility of a rebate is being discussed. That might be the best solution in this case, or there might be a customs voucher, meaning that some future import is already paid for. Or, this document could be negotiated," stated Dr Paiz Andrade.

The finance minister also mentioned a meeting that is taking place with foreign delegations representing banks and international financial institutions. The reason for the meeting is to study a renegotiation of the debt, but at this time it is still under study; no precise conclusion has been reached. Therefore, no more details can be provided.

Congress Refuses to Repeal

Guatemala City PRENSA LIBRE in Spanish 14 Feb 86 p 23

[Text] Several deputies presented a motion to suspend Decree-Law 149-85, known as Rule 3, and Decree-Law 3-86, the selective excise tax. The motion was voted down, however, by the deputies of the majority delegation in

Congress, the Christian Democrats (DC), and eight deputies from other parties in yesterday's session.

The motion went through the first reading in the session the day before yesterday. It was sponsored by Deputy Mario Taracena Diaz-Sol and several deputies of the Union of the National Center (UCN), the National Liberation Movement (MLN), and others. The motion was aimed at suspending these controversial decrees, which have been opposed by the majority because of the economic and social problems they will cause, until an exhaustive study of them can be carried out.

The sponsoring deputies argued that the measures should be suspended so that further studies could be conducted and a dialogue could be initiated with the sectors involved.

When the motion was opened for debate yesterday in a second reading for admission, Deputy Carlos Simmons (MLN) argued in favor of the suspension. He said that a far-reaching political and economic study should be conducted, because at present "we do not have to inherit this disastrous legislation" from a "corrupt government," because what we want, he stressed, is to create economic certainty.

The DC deputies did not say anything in the debate, but when the vote came, only 20 voted in favor of the motion, in a quorum of 79. In other words, the motion did not carry.

Explained Vote

Deputy Jorge Skinner Klee was the first to explain his vote. He expressed regret about the result, because usually Congress accepts motions proposed by the deputies who intend to sponsor bills, and then the measures go to committee to be studied.

"They are tying the deputies' hands," he said, "and that is unpleasant. I regret to see the deputies being deprived of their faculties."

"We feel that when we are trying to find viable solutions," said Mario Taracena, "along comes the government steam roller, and nothing can be done. No one can stand up against the green steam roller (the color of the Christian Democrats). Decree 10-86, which we passed, is just a palliative. The same problem will occur again on 1 March. It is said that in a couple of weeks we will have a new economic package; but the economy minister said that there would be no tax package. The contradictions continue."

Abraham Rivera, of the MAS, expressed regret that the matter did not reach debate, since these were representatives of the people, but with majority delegations, 51, meaning all of Congress.

"We believe in dialogue, in discussion. We will vote in favor of any bill that looks good to us."

Juan Carlos Simmons said: "Let our position be known. A dangerous precedent has been set when a matter of national interest is not even put up for debate, and 'brute force' is exerted to prevent it."

"This attitude is 'disturbing,'" said Richard Shaw, explaining his vote against the attempt to coordinate efforts.

Carlos Gelhert Mata (DC) stated: "I voted against it, because the ad hoc committee has been working for over 2 weeks on this matter, and we must study and analyze that committee's report."

Ricardo Gomez, chief of the DC caucus, said it was "stubborn to try to bring up this issue. This has already been debated extensively, but we did not accept the motion because it is inconsistent. There is no reason for this matter to be brought up. We are going to discuss the economic policy with the government, and all sectors will be taken into account. It is not just a question of taxes, but of studying the economic, exchange, monetary, and fiscal situation as a whole. The result will come after a far-reaching discussion."

Oscar Rivas, the only deputy for the Democratic Institutional Party (PID), described this attitude as "cynical, because the steam roller thinks it represents all Guatemalans, and that is dangerous. Not allowing debate indicates a lack of democracy."

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GUATEMALA

ECONOMY MINISTER ON TAXES, RULE 3, DEVALUATION

Denies Additional Increases

Guatemala City PRENSA LIBRE in Spanish 13 Feb 86 p 2

[Text] "It is not true that a new package of taxes will be implemented," said Economy Minister Lizardo Sosa Lopez yesterday during a press conference in the banquet hall of the national palace.

At the meeting with journalists, he was accompanied by the vice-ministers of his sector, Eduardo Estrada Galvez and Jose Antonio Blanco Gomez. Also present was the public relations secretary of the President's Office, Julio Santos.

Minister Sosa indicated that his administration will be conducted in an atmosphere of morality and honesty, in order to do away with the vices of the past. "It is no secret to the citizenry that our country has been the victim of a kind of cancer that is eating away at all our moral, social and political structures."

He also stated that President Cerezo is seeking the best ways to solve the serious economic crisis that is plaguing all of the people of Guatemala.

"But all those measures will emerge from an effort to coordinate the various sectors. There will be no improvising, nor any new tax packages, as some elements of the mass media have speculated."

As for the policy of ceiling prices, Minister Sosa repeated that "some products in the so-called family basket are being analyzed so that they can be taken off the list corresponding to Law 1-85."

"The idea is to make government action more flexible so that producers cannot bring activity to a halt at a given moment, or cause the products to disappear from the market."

"Prices," he went on, "should be in line with reality. We cannot punish businessmen, because that would cause problems for factories. The ministry will, however, continue to make sure that the prices in the basic basket stay below a given ceiling to prevent speculation."

Rule 3

With regard to Rule 3, Minister Sosa indicated that this law is in effect, and can only be repealed by the Congress of the Republic. It involves certain commitments to other nations of Central America, he noted.

As for the fines imposed by the previous economy minister on various businesses that altered prices, he indicated that "I was going to propose to President Cerezo that these cases be reviewed, but they will not be thrown out."

Prospects for Economy

Guatemala City PRENSA LIBRE in Spanish 21 Jan 86 p 7

[Text] "The national economy is deteriorating more and more, and I believe that worse times lie ahead. Our task is to prevent even sharper declines," said Economy Minister Lizardo Sosa yesterday. He also indicated that he "favors the unification of the exchange rate."

The head of the Economy Ministry was interviewed by journalists in a corridor in the national palace. He was asked about the insistent requests by the Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF), which in paid advertisements in the mass media has been calling for "the unification of the exchange rate as soon as possible to stimulate exports."

As for the selective consumption tax, the official emphasized that it is not in effect yet, because first President Cerezo must approve at a cabinet meeting a list of the various items that will be subject to the tax.

Regarding the law that is known as "Rule 3," he indicated that only Congress can repeal it, because it is a decree-law issued by the previous government.

Exchange Rate Unification

With respect to the exchange rate unification, which critics say amounts to a devaluation of the currency, Minister Sosa stated that "we must recognize that it could be one solution."

He pointed out that some people have a rather hazy idea of what unification is, because they think it would mean setting an exchange rate of 3 or 4 quetzales to the dollar. That is not true, he said. The exchange rate could be one to one, which would wipe out the parallel market. All of that, he stressed, must be decided by the Bank of Guatemala and the Monetary Board.

"The fact is, to make that decision it is necessary to analyze all possible solutions, and if it is determined that exchange rate unification could be the solution, then it certainly will have to be done."

"We must recognize that we Guatemalans are buying undervalued goods. That affects us even along the border, where our neighbors come to our markets and take whatever they want, because 'the cost of living is very cheap here.'

"I favor three options: first, we should fight inflation; and I think the government should reunify the exchange rate in an appropriate manner so that our economy can be put in order. We must not forget its social function, however. In other words, all the effects derived from the economic measures taken at a given moment should be spread out among all sectors.

"We will consider this government successful if we manage to halt the deterioration process that has been taking place in the economy. I could not send a message to the people to the effect that living will become cheaper; rather, I would say that the trends in the economy, especially because of the persistent crisis, will cause 'the economic situation to deteriorate even further.'

"I would tell the people that worse times, not better ones, lie ahead. Our task is to prevent an even sharper decline. We must make economic decisions that will enable us to correct the situation and that will at least stop the downslide. In a year or two, we should be able to offer some improvement to the people."

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GUATEMALA

POLITICAL LEADERS REACT TO UNRG PEACE OVERTURES

MLN's Sandoval Advises Caution

Guatemala City PRENSA LIBRE in Spanish 9 Feb 86 p 2

[Text] "It is advisable to wait a short time before taking a stand on the offer by the guerrilla movement not to interfere with the work of the Christian Democratic government headed by Vinicio Cerezo," stated Mario Sandoval Alarcon, leader of the right-wing National Liberation Movement (MLN).

Sandoval Alarcon contends that the guerrillas are not acting on their own initiative, but rather on the basis of instructions from abroad, from Cuba, Nicaragua, and other socialist countries.

Sandoval Alarcon spoke to this newspaper Friday night at his residence in this capital, where he said he was meeting with some MLN leaders to discuss party matters.

The statements made by Pablo Monsanto in Havana, Cuba during a session of the 3rd Congress of that country's Communist Party, in the presence of Dr Fidel Castro, were broadcast throughout the world by news agencies.

Little comment has been forthcoming in Guatemala. One remark was made by the president of the Congress, Alfonso Cabrera Hidalgo, secretary general of the Guatemalan Christian Democratic Party. He praised the guerrillas' decision, because he claimed that it "means one less obstacle to contend with in our effort to meet our commitment to the people."

Cabrera Hidalgo was also quoted as saying, "Thanks be to God, the efforts of Guatemalans to achieve democratization are beginning to be understood."

The international news services identify Monsanto as the commander of the Guatemalan National Revolutionary Union (UNRG), which comprises four guerrilla organizations: The Guerrilla Army of the Poor, the Armed Rebel Forces (FAR), the Organization of the People in Arms (ORPA), and the Guatemalan Labor Party.

This guerrilla movement, which achieved peak effectiveness in the 1980s, is now very weak, according to statements made by Gen Oscar Humberto Mejia Victores days before leaving office on 14 January of this year.

PSD, UCN See 'Good Sign'

Guatemala City PRENSA LIBRE in Spanish 10 Feb 86 p 7

[Text] Political leaders stated yesterday that the guerrillas' decision to engage in a truce with the Christian Democratic government is a sign of a democratic liberalization in Guatemala.

Ramiro de Leon Carpio, secretary general of the Union of the National Center (UCN), stated that the announced truce will be well received in Guatemala, and especially abroad. "It means that justice is being done to ensure that democracy prevails," he said.

"It also reveals," he stated, "that they have confidence, and that at a given moment they could lay down their arms and participate publicly in the country's political life for the achievement of a real peace, as required under the Constitution of the Republic.

De Leon Carpio added that the UCN is in a constructive opposition, and that it will not merely applaud the actions of the current government. The announced guerrilla truce is a clear indication that "good things are happening to promote the installation of a pluralist, libertarian political system."

PSD's View

Deputy Enrique de Leon, a congressional deputy for the Democratic Socialist Party (PSD), commented on this matter that "the guerrilla leaders' decision to enter into this truce also entails their support for the country's socioeconomic and political development."

"Guatemala, like all countries with a constitutional system, and particularly those that are beginning a democracy, deserves the support of all sectors. These movements are naturally included in those sectors."

A wire story datelined Havana, Cuba announced that the Guatemalan guerrillas will not prevent President Cerezo from fulfilling out his democratic promises, particularly because the government promised active neutrality in the region, an end to repression, and social change.

The leader of the Guatemalan National Revolutionary Union (UNRG), Pablo Monsanto, stated that "we will not be counted among the enemies of these efforts, because our commitment is not to the promises, but to deeds."

Canale, Reyes, Urrutia React

Guatemala City PRENSA LIBRE in Spanish 10 Feb 86 p 10

[Text] "Any truce with the rebels should be the result of a sincere dialogue within full view of the Guatemalan people," stated political leaders yesterday, referring to the position taken by the Guatemalan insurgents with

respect to the Christian Democratic government. The insurgents revealed their position to the press in Havana, Cuba.

Pablo Monsanto, one of the principal leaders of the Guatemalan National Revolutionary Union (UNRG), said in Havana that President Cerezo has promised to respect human rights, undertake fundamental social change, and institute a government for the people.

Monsanto indicated that the UNRG cannot oppose these promises, but that it is necessary for these intentions to be put into effect. "We want deeds, not promises. That is why we will continue our armed struggle, but we would like to negotiate a truce."

President Cerezo stated recently at a press conference that for now he could offer no guarantees to the rebels. He said he would need at least a year to talk to them and reach an understanding so that they could participate in the liberalization and democratization process.

Politicians' Views

Political leader and former deputy candidate Jorge Canale Nanne stated that the rebels may have good intentions, especially now that our country is involved in a severe economic crisis.

"It appears that the economic authorities are still unable to find the solutions to alleviate this situation. Therefore, I believe that a truce should be the result of specific talks regarding conditions, positions, and what is expected of them in the future.

"Any armed struggle is very difficult, because it pits Guatemalans against Guatemalans. We should be fighting for a permanent peace in which we all have an obligation to cooperate. If we have peace, the political violence will subside. I believe that the people would accept a dialogue with the guerrillas."

Identification

Francisco Reyes Ixamey, secretary general of the incipient political group known as the Popular Democratic Force (FDP), stated that the dialogue or understanding should take place in two fully identified sectors.

"We must recognize that Vinicio Cerezo is at the head of a fully elected government, and his working plan is aimed at the neediest sectors.

"For this reason, I think that the truce with the rebels could pave the way for the Christian Democrats to carry out the plans the people want, and to instill confidence in the citizenry so that we can attain the tranquility for which Guatemala yearns."

Things Are Changing

The young political leader Leopoldo Urrutia Beltran, leader of Democratic Action (AD), pointed out that the armed struggle is the result of the negative policy of previous governments.

The world recognizes that substantial changes are beginning to come about in Guatemala, that the country's terrible image abroad is beginning to be rectified, and that the government has promised to respect human rights, and for this reason we feel that "the rebels see the possibility of a truce."

"If the persecution of organized workers and peasants ceases in the future, if there is no more kidnapping and murder of student leaders, politicians and other leaders, if the changes implemented by the Christian Democratic government bring us to a more humane situation, then there will be no reason for any battles between the rebels and the government. The only way will be through participation in the political liberalization process, which is being guaranteed by Mr Cerezo Arevalo."

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GUATEMALA

COORDINATING COMMITTEES PLACED UNDER CIVILIANS

Military Supplanted

Guatemala City PRENSA LIBRE in Spanish 13 Feb 86 p 22

[Text] The departmental governors will chair the interinstitutional coordinating committees, replacing the commanders of the country's military zones, sources in the National Palace said yesterday.

The officials will be appointed next week by the president of the republic so that they can begin their jobs as soon as possible.

These task forces are thus not going to be dissolved, as had been speculated some days before the Christian Democratic administration took office.

The coordinating committees comprise representatives of the public sector, private groups, associations, etc, in the republic's departments and, in the judgment of communities there, opened all of the channels needed to pursue assistance programs.

Mata on Changes

Guatemala City PRENSA LIBRE in Spanish 14 Feb 86 p 6

[Text] To further the country's development a series of changes have to be made in government; in particular, the various levels of the interinstitutional coordinating committees have to be revamped, stated Congressman Carlos Gehlert Mata, the chairman of the Congressional Development Committee.

The overhaul must take place on the national, departmental, municipal and community levels.

"The current hierarchy of the coordinating committees, under Decree 111-84, has the chief of staff of national defense as the top man in the committees, followed by the director of civilian affairs of the defense staff, and at the departmental level the commander of the jurisdictional military zone is in charge.

"This was fine during a state of emergency, but we do not regard it as the best arrangement under a civilian democratic regime.

"The committee that I chair is going to propose that Congress amend Decree 111-84, so that at the national level the coordinating committees are run by the president and vice president of the republic, the development minister, the army chief of general staff, the secretary of the National Planning Council, the director of the National Reconstruction Committee, the technical director of the budget, and the manager of the National Institute of Public Administration."

In the departments, the hierarchy will look like this: the departmental governor, the mayor of the departmental capital, the commander of the jurisdictional military zone; the officials who are headquartered in the department and who hold regional or departmental public sector supervisory posts; three freely elected representatives of the people with acknowledged good names; and a technical official from the general secretariat of the National Planning Council. The coordinating committees will be organized in a similar way at the municipal and town levels.

"The bill that we will submit will repeal all of the provisions of law that run counter to the amendment.

"What we are proposing is not a superficial change. It is an in-depth change. The coordinating committees will move from a military to a civilian structure.

"The army is not excluded; it is being incorporated at the appropriate level, as part of the construction of a civilian, democratic and constitutional government."

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GUATEMALA

SUCCHINI NAMED CHIEF OF NATIONAL POLICE

Guatemala City PRENSA LIBRE in Spanish 14 Feb 86 p 2

[Text] The new director of the National Police will take office at 1600 hours today, Interior Minister Juan Jose Rodil Peralta reported yesterday.

The minister declined to reveal the name of the man who will be replacing police commissioner Jose Felix Alvarez Arevalo, but it was learned that it is Col Carlos Succhini.

Minister Rodil stated that the National Police's new organizational look would not be made public until today. It was also learned that the current assistant director, police commissioner Juan Francisco Cifuentes, would stay on; Minister Rodil neither denied nor confirmed the report.

Reorganization for the Good of the Community

Rodil Peralta told newsmen that the reorganization of the police is irreversible, because the aim is to achieve the tranquility that Guatemalan society needs.

He indicated that he personally felt that all of the police forces, including those of other entities, ought to be revamped, as will be done with the National Police.

He emphasized that in making changes in the National Police, Guatemala would get aid from friendly countries, which "will provide technical assistance and perhaps also help us to improve our radio communication and patrol equipment."

Rodil made particular mention of vehicle robberies, which according to investigations are being carried out by organized gangs residing in neighboring countries. There are thieves who bring stolen vehicles into the country and take others out to sell them.

"We have initiated contacts with the police forces in neighboring countries to halt these robberies of vehicles and to apprehend the gangs that have been formed for this purpose."

Directorate General of Prisons Could Disappear

Minister Rodil also talked about the study that advisers in his ministry are conducting to see whether reforms can be undertaken in the General Directorate of Prisons.

Although he did not say so, the interior minister hinted that the directorate may disappear or be substantially overhauled under the prison reform policy that President Cerezo Arevalo will implement.

War on Drug Trafficking

The government recently reported that the bodies of five persons, three Hindus and two Lebanese, had been found. And the body of a Cuban turned up the day before yesterday.

Commenting on these cases, the interior minister said that "these crimes would seem to be drug-related, not political."

"The police," he underscored, "are investigating the motives for the murder of these foreigners in Guatemala."

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GUATEMALA

FOREIGN MINISTER UNDERSCORES NEUTRALITY POLICY

Guatemala City PRENSA LIBRE in Spanish 14 Feb 86 p 8

[Text] Foreign Minister Mario Quinones Amezcuita repeated yesterday that the government is neutral on the Central American conflict, above all regarding the isolated incidents that have arisen between Nicaragua, Honduras and Costa Rica.

Quinones emphasized that President Cerezo, since taking office on 14 January, has made clear his position on the turmoil of the region.

Although he did not say so, the head of foreign affairs was referring to the Honduran Government's accusation that Nicaragua is engaging in aggression against it. On many occasions both Honduras and Costa Rica have criticized the neutral stance of the Guatemalan Government.

"Our position," he stated, "is one of total impartiality on these problems. We will maintain a firm policy of respecting the internal affairs of other countries and the self-determination of nations."

The foreign minister also mentioned the Contadora Group, noting that it has fulfilled its purpose by avoiding armed conflict in the region. He indicated that these problems were not brought to the OAS for discussion because it was felt that that was not the appropriate forum for dealing with them. There was fear of a certain amount of partiality there.

"Contadora," he went on, "has Guatemala's backing, because its efforts have yielded a great benefit for the communities of the isthmus."

He stated that the creation of the Central American Parliament (PC), proposed by President Cerezo, would not displace Contadora. On the contrary, it would serve as a tool for effective cooperation with the Contadora Group.

Referring to the United States' possible withdrawal from the International Coffee Organization (OIC), he indicated that this move would have unforeseeable implications for the producing countries.

He added that the OIC is made up of 50 member states, which would all be affected if the United States withdrew because a veritable price war would ensue.

When asked about the barriers put up by the U.S. Embassy in the streets adjacent to its headquarters, Foreign Minister Quinones said that "in the next few days I will talk to Dr Alberto Piedra, the ambassador, to seek other means that will be more convenient for the residents of that area."

He added that many Guatemalans and foreigners could fall victim in any attack against the U.S. diplomatic headquarters. Other security mechanisms are required, he added, to provide guarantees and prevent attacks on the embassy.

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GUATEMALA

COMMENTARY QUESTIONS EFFICACY OF FOREIGN AID

Guatemala City PRENSA LIBRE in Spanish 14 Feb 86 p 11

[Commentary by L. Martinez-Mont: "Foreign Aid or International Charity?"; 14 February 1986, Guatemala]

[Text] Guatemala's international image is quickly being revamped. The press of the free world is remarking on our achievements, and some hasty oracle has already predicted that our recently inaugurated president will go down in Central American political history. Even the impenetrable human rights commissioner gave us something resembling a smile on his last visit!

It would be impertinent to ask whether we could sell our new image and how much it would fetch. But the impertinence is less flagrant if we change the wording: How much foreign aid can we get for meeting certain requirements?

In fact, we have absolutely nothing coming to us, insofar as we cannot demand anything. Much has been written about poor countries' right to be compensated for the exploitation to which they were subjected in the past. But even if the exploitation argument were valid, there is not yet--and probably never will be--a mechanism whereby the poor countries can enforce that right. For practical purposes, foreign aid will continue to be what it has always been: a system of international charity administered by the governments of the rich countries, which set forth the conditions for receiving the aid.

On the other hand, the funds available for helping poor countries overcome their difficulties are becoming a non-renewable resource. As the requests for aid mount, the willingness to honor them declines. The citizens of the rich countries are increasingly questioning not only the pragmatic benefits but also the moral foundations for foreign aid. The astronomical sums paid out so far have not produced the expected results. Despite the noble intentions routinely expressed by the favored governments, despite the controls established by the donating governments, the primary purpose of alleviating poverty and oppression in the world has not been achieved.

In many cases foreign aid has strengthened repressive governments. The economic benefits, which were supposed to reach the indigent masses, have been concentrated primarily among the ruling elites and their associates. A compilation of results from all over the world would probably reveal that

foreign aid has contributed more to corruption and political manipulation than to the economic development and liberation of peoples.

In today's world, more than 100 governments depend on foreign aid to some extent for the success of their efforts and the progress of their countries. Judging by the documents released by the Christian Democrats during the election campaign, the Guatemalan Government is among them. There is one fortunate circumstance, however: Guatemala has not been one of the spoiled countries. It has not become addicted to these transfusions. It has not sacrificed its dignity at the altar of foreign aid.

This fact allows us to face the future with serenity. We can reject those offers with strings attached that would in any way damage our dignity as a sovereign nation. We can gratefully accept the generosity of friendly nations that are aware of our poverty. If the benefits reach the poorest of our countrymen, then the only legitimate goal of foreign aid, understood as international charity, will have been accomplished.

As for the causes of our poverty, it would be wrong to look for them in the unfavorable treatment we have received from those who dole out foreign aid. Since the system was instituted, there has not been a single case of a country that has emerged from underdevelopment thanks to these transfers. Nor is there any relationship between the relative progress of the various poor countries and the amount of aid each has received.

The history of foreign aid shows that development and freedom are not cosmetics that can be applied externally. The history of mankind illustrates that peoples progress when they find within themselves the energy to fight against poverty and oppression, and when respect for individual rights frees the creative forces of human intelligence.

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GUATEMALA

CODE OF CRIMINAL PROCEDURE UNDERGOES REFORMS

Effects Outlined

Guatemala City PRENSA LIBRE in Spanish 23 Jan 86 p 4

[Text] "The amendments to the Code of Criminal Procedure contained in the new constitution of the republic will force the police to use more modern methods and will prevent abuses of power," the director of the association of inmates and released inmates, attorney Julio Rene Garcia y Garcia, said yesterday.

"At first, these reforms will be difficult to comply with, because they entail a complete change in the way that police officers must operate, to protect individual rights and to help establish a genuine democracy," he added.

"Under the constitution, a person can be arrested only if he is charged with committing a felony [delito] or misdemeanor [falta] and if an appropriate authority has issued a warrant in accordance with the law. Cases of felonies or misdemeanors detected in the act are excepted. Arrested individuals must be placed in the custody of the appropriate judicial authority within 6 hours and cannot be placed in the custody of another authority.

"An official or agent who violates the provisions of this article is punishable under the law. The appropriate courts will bring the corresponding action.

"The ideal thing," Garcia y Garcia said, "would be for policemen to carry a card with them that they would read to individuals at the time they are arrested. They would be informed of their right to counsel, of how long they would be held for trial, and that a relative of their choice would be apprised of their arrest.

"In addition, policemen would fill out a form indicating the grounds for the arrest, the place where the arrested individual will be held and the court of custody.

"Although a ban on arresting individuals without a warrant from a competent judge might apparently hinder investigations, this will not be the case, because by adopting more modern methods the police will be able to furnish sufficient evidence before and after the arrest warrant is issued.

"At present, police agents arrest people without enough evidence to convict them. For example, most of the people arrested in a police raid are immediately released because there is not enough evidence that they are guilty of a crime.

"Several of the regulations set forth in the constitution were already in force. They were never complied with or observed, however. Thus, the new government's desire to establish a real democracy and not to see the law circumvented again is praiseworthy," Garcia y Garcia said in conclusion.

Arrests Diminish

Guatemala City PRENSA LIBRE in Spanish 18 Jan 86 p 4

[Text] The number of people placed in court custody has dropped markedly, because the National Police has been acting only on charges filed by the citizens who have been hit by the wave of violence throughout the country.

According to the Judiciary's spokesman [relacionista], attorney Luis Fernando Lopez Luarca, the trend may be due to the changes in the penal code that the new constitution provides for.

One of the changes is that citizens cannot be arrested without a warrant from a competent judge, unless they are caught in the act of committing a crime, or as a result of public outcry.

Another of the reforms to the code is that suspects must be turned over to the courts within a period not to exceed 6 hours.

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GUATEMALA

UCN, PRIVATE SECTOR CALL FOR ECONOMIC REFORMS

Higher Inflation Predicted

Guatemala City PRENSA LIBRE in Spanish 23 Jan 86 p 5

[Text] "If the exchange rate is not unified, we will continue to live in our present state of poverty," said the president of the Chamber of Commerce, Pedro Miguel Lamport, yesterday.

The business leader was interviewed yesterday at the National Palace prior to a meeting with Economy Minister Lizardo Sosa.

He explained that the Chamber of Commerce is firm in its support of the Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF), which has always cited the need for exchange unification, considering it to be of vital importance in solving the serious crisis that faces us today.

"Until there is exchange unification," repeated Lamport, "the monetization process will continue, causing greater inflationary problems. We have already seen that this phenomenon has two adverse consequences for economic recovery.

"The first is that it drastically reduces the currency's buying power, and therefore the population's income. Secondly, it also has a severe impact on unemployment.

"If these problems are not solved, prices and unemployment will continue to rise."

Economy Minister Sosa, interviewed yesterday regarding his position on the CACIF call for exchange unification, stated that "the government is currently conducting the necessary studies to deal with economic problems."

"I believe," he emphasized, "that first of all we must determine what the problems are, and then options will be proposed to all national sectors to solve them."

In addition, the minister indicated that "exchange unification, in his personal view, could be studied in the government, but there is nothing on that now."

Investors Seek Clear Policy

Guatemala City PRENSA LIBRE in Spanish 23 Jan 86 p 12

[Text] There are clear indications that the erroneous tax policy of the previous regime will be followed by the current government, said marketing specialist Enrique Rittscher, leader of the equitocracy movement.

"In this regard," he said, "the government should clearly define the path it intends to take in the economy, giving the productive sector the necessary guidance about whether or not it can invest. Guatemala's economic, social and cultural progress will depend on it."

Rittscher stated that if guarantees are not given for productive investment, it will decline further, and thus unemployment and underemployment will rise. In addition, competition in production will be absent, and thus shortages will be more frequent. This, in turn, will lead to the proliferation of black markets, higher prices, social frustration, more violence, and a greater need for public spending to maintain order. All of this amounts to a vicious circle that will promote an even heavier drain of capital.

"Where do they think more taxes will come from?" he asked. "If investment does not rise, there will not be more employment or commerce. Thus, to boost investment an atmosphere of confidence must be created. If the new government does not do this soon, the crisis we are confronting will grow worse," concluded Rittscher.

Mejia Decrees Under Review

Guatemala City PRENSA LIBRE in Spanish 22 Jan 86 p 2

[Text] On the initiative of Deputy Mario Taracena Diaz-Sol of the Union of the National Center (UCN) and his fellow UCN deputies, Congressional leaders have named a committee to look into the decree-laws issued recently by the previous government. The committee, which has a 15-day term, will investigate the decree-laws related to fiscal policy, and will issue a report recommending possible repeal or modifications of that legislation.

Deputy Taracena and the other deputies of the UCN caucus stated that during the last few days of its administration, the de facto government issued a series of tax-related decrees that have a direct or indirect impact on all the socioeconomic sectors of the population, particularly those with lower incomes.

It was noted that these decrees have raised the cost of living and further lowered the real income of the Guatemalan people, thus aggravating the economic crisis. The committee, to be composed of one deputy from each party, must conduct an analysis of the aforementioned decrees.

In yesterday's session, President Alfonso Cabrera adopted the motion as his own, and stated that four deputies who are experts on these matters have been named to the investigating committee. The deputies assigned to study the decrees and issue a report are: Hector Luna Troccoli of the UCN; Miguel Angel Ponciano, National Liberation Movement (MLN); Ricardo Gomez, Christian Democratic (DC); and Enrique Claverie Delgado, Revolutionary Party (PR). Three of these deputies are lawyers, and Ponciano is an engineer.

Broader Participation Advocated

Guatemala City PRENSA LIBRE in Spanish 10 Feb 86 p 11

[Commentary by E. Rittscher A.: "A Troubled Business Sector!"; 10 February 1986, Guatemala; passages enclosed in slantlines printed in boldface]

[Text] According to Dr Manuel Ayau, rector of Francisco Marroquin University, the business sector is (or was) troubled (see page 5 of EL GRAFICO, 1/18/86).

/"We do not know what path the new government will take,"/ Dr Ayau was quoted as saying before 1,000 businessmen. He included himself among those who are troubled.

/"Are we going to maintain the same economic policy?"/ he asked, presumably referring to the policy of fiscal taxation, state intervention, and monetization to cover the rising costs of government, with the resultant decline in the value of our quetzal and increase in inflation. This, added to the insecurity that comes with so many changes in legislation, leads people to suspect that the new government is merely an extension of the old one--at least in the economic and fiscal spheres.

It appears, then, that there was some coordination, but not with the business sector. Not with the labor sector, or with the regulatory sector, or with the cultural sector, but just with part of the military subsector, that part of the previous government that constitutes a protective sector, according to an equitable, functional division of the population.

These most recent measures taken by the military government before turning over the symbols and titles (which had been legalized by them and by the partycrats) of government authority, as the outgoing government cemented its erroneous policy of taxation and intervention in that series of decree-laws, lead to the conclusion that the military government imposed that coordination. Thus, it carried out the transfer of the symbols and titles of authority /without/ a complete surrender of real power.

It is said that /"he who remains silent gives his consent,"/ and the new government kept silent and thus acquiesced to the erroneous economic and fiscal policy of the previous government.

The situation can still be remedied, however. If we really want progress in this country, we can proceed to a genuine coordination. One that includes

/all/ sectors, as it should, and not just the partisan political sectors, or one sector more than another. Neither should it be a coordination imposed from above in a dictatorial manner, as in the unfortunate "national dialogue" of the previous government.

No! A preconceived plan should not be imposed arbitrarily; a constant coordination /among/ all sectors of economic and social activity should be advanced as an initial step, so that this more genuine intersectorial coordination can devise the economic and social policies the people really need, and so that the government can proceed to implement them with the support and for the benefit of /all/ those sectors. Equitably, as it should be.

If we proceed in this manner, with true coordination with /and among/ all sectors, the government must automatically receive /the support/ of all these sectors at the same time so that it can implement such plans of action. It is assumed that if the sectors are able to arrive at a joint decision on a policy or plan, it is because they have also decided to lend their support for its enforcement.

In this way, not only will the government be able to operate with more support and security, but there will be greater confidence in all sectors, and this will attract more productive investment by the business sector, and will generate a better international image for our nation. This, in turn, will boost tourism and foreign investment, which bring with them not only foreign exchange and more jobs, but also the technology we need so badly to spur productivity and competitiveness in the industrial field (including agroindustry), especially to improve the utilization of our agricultural sector and international trade.

Let us suggest once again, then, that as a first step we proceed to that "coordination" that was touted so much during the election campaign, so that this will truly be a /"government of the people, by the people and for the people,"/ which will be able to do its job better if it allows those people to coordinate themselves, among /all/ sectors and communities. (This is possible under the equitocratic system of functional organization.) Thus, the people will be able to express themselves in an orderly way to /their/ government and tell it what they expect of /their/ government (government /of/ the people?) so that it can govern to the most equitable possible benefit of all sectors (that is, /for/ the people, /all/ the people).

But if they are going to continue like this, troubled themselves and causing trouble for the sectors, trying to charge exorbitant taxes from a few and monetizing ever more excessively to cover the rising costs of a bureaucratic government, then they will end up driving the people to desperation. Instead of a desirable and still possible coordination, what they will end up with is more disorder and outbreaks of "subversion," as well as a heavier outflow of capital and a worsening of our country's international image. Tourism will decline, unemployment will rise, more money will be spent on security or repression, etc., etc., etc.

Those who will gain greatest advantage from this tragic, ridiculous and still avoidable situation are the strategists in Moscow and their puppets here, who will then come to "help," as in Cuba and Nicaragua and so many other countries thus conquered by them, and impose their will.

Then the political and sectoral leaders of our country will no longer be able to coordinate among themselves democratically in order to improve living conditions in our country equitably; rather, they will come to "coordinate" us in a totalitarian way, whether we like it or not, and all will have to pay homage to Moscow's local puppets, or go to another country.

There is still time to reconsider. Let us undertake a true coordination, first among the sectors, and then with the government. And meanwhile, those absurd decree-laws that will only worsen the situation should be repealed.

Business Council on Government Policy

Guatemala City PRENSA LIBRE in Spanish 18 Jan 86 p 4

[Text] The new organization called the Business Council began its activities yesterday with a panel on "Economic Prospects for Guatemala in 1986." The panel was led in one of the rooms at the Hotel El Dorado by Dr Manuel Ayau, a professional and renowned business leader.

The panel was the first item on the agenda of the Leaders in Action program, also included journalists Mario Antonio Sandoval Samayoa of PRENSA LIBRE, who is the current president of the Association of Guatemalan Journalists (APG); Mauricio Barrera of EL GRAFICO; Gonzalo Asturias, former president of the APG; and Oscar Clemente Marroquin Godoy, of LA HORA.

Throughout his lecture, Dr Ayau outlined his points of view on various aspects of our country's economic policy:

"Although our exports were earning good prices on the international market, the possible solution to the current economic situation lies in the policy the government follows on economic matters," said Dr Ayau.

"The government should have faith in Guatemalans and refrain from participating in the formation of businesses and intervening in private initiative."

The unification of the exchange rate was another topic discussed by Dr Ayau on the panel.

"The government should realize that it is impossible for Guatemalans to continue purchasing foreign exchange at prices that vary according to the use they are going to make of the currency. The value of the national currency should be a single, set amount, regardless of what it will be spent on."

Aspects of fiscal policy were also discussed by the rector of Francisco Marroquin University. He cited the problems that could arise as a result of the current tax plan.

"The rise in taxes will have an adverse impact on state finances, because Guatemalans are in no position to pay more taxes. Therefore, they will seek new ways of evading taxation, and that will cause the budget deficit to grow."

Ayau, a renowned defender of free private initiative, expressed his well-known opinions, which are diametrically opposed to government intervention in the management of the business sector.

"The government should understand that it is impossible to try to intervene in all transactions and activities the private sector wants to undertake. To do so would be to infringe upon the liberty we all enjoy in free countries to engage in business," he concluded.

8926

CS0: 3248/269

GUATEMALA

UN HUMAN RIGHTS COMMISSION SEES 'IMPROVEMENTS'

Guatemala City PRENSA LIBRE in Spanish 30 Jan 86 p 3

[Text] "I was unable to find the alleged secret jails, but perhaps the new government can," Lord Colville, Viscount of Culross said yesterday. The special rapporteur of the UN Human Rights Commission is back in Guatemala to note the changes that have occurred since Cerezo Arevalo has taken office.

Our visitor met yesterday morning with President Cerezo at the National Palace. Upon leaving, he was questioned by reporters. He said that he would be here for a few days and would meet with leaders of various sectors to learn how the situation has changed since the inauguration of the Christian Democratic government.

"This may be the last time that I am here as a human rights investigator," he said, "because I feel that from now on you are no longer going to need my services. If I come back to Guatemala, it could be as a tourist."

The special UN rapporteur said that it was still too early to say whether there have been major changes with regard to human rights.

"It is encouraging to see the start of a democratic process, and we should applaud the people's cooperation in guiding this political move in Guatemala.

"We can now see more broad-mindedness in all sectors; I see that there is more enthusiasm. We hope that the people can now breathe freely in an atmosphere of peace and security."

With regard to the secret jails that exist in Guatemala according to the Mutual Support Group, Lord Colville stated that he had not been able to find them but that perhaps President Cerezo could.

He was also asked whether the international community would approve of Guatemala following the example of Argentina, which tried and sentenced several military officers charged with human rights violations.

"We cannot come here and tell the government what it ought to do. As far as turning military officers over to the courts is concerned, this is something that the people and government have to decide, not the international community."

Lord Colville will also travel to the interior of Guatemala and meet with political leaders, as he has done previously, he intimated to newsmen.

GUATEMALA

BRIEFS

ACV REJECTS MILITARY AID---"The \$10 million in military aid that the United States is offering Guatemala is not appropriate at this point, inasmuch as we are trying in every way to build peace, and making such weaponry available to the military further arms our people and fosters violence." This is stated in a press release from the Revolutionary Civic Alliance, which adds that the alliance is not in favor of such military aid because what the people need is tools of peace, not of war. "The Revolutionary Civic Alliance believes that \$10 million in military aid, even if it is not in the form of equipment, is not appropriate at this point. However, we would look favorably on spending that \$10 million on public health, education, and agriculture or to help repair and/or build roads and housing for our needy people," the press release concludes. [Text] [Guatemala City PRENSA LIBRE in Spanish 31 Jan 86 p 16] 8743

CSO: 3248/259

MEXICO

CHIHUAHUA CANDIDATE BAEZA DENIES TIES WITH DRUG TRADE

Mexico City EXCELSIOR in Spanish 23 Dec 85 pp 1-A, 21-A, 35-A

[Excerpts] Ciudad Juarez, Chihuahua, 22 December--"We have a new style of engaging in politics; I shall not attack business owners in my campaign, because I have not come to divide, I want to be a bridge for unity. I think (Fernando Baeza Melendez said) that all of us Mexicans have a place in the national design. In Chihuahua, the problem is preeminently political; therefore, I shall not challenge or become involved in lies. We shall not succumb to despicable acts, because verbal violence breeds physical violence."

Before the press, upon his arrival in this town, where the low-income sector will nominate him tomorrow as its candidate for governor, Baeza Melendez criticized the half-truths stated by the opposition to the people, because that type of lying "is the most cruel and immoral." He pledged to tell the truth and also to admit mistakes.

In the small office of the PRI [Institutional Revolutionary Party] head in this town, he denied any connection that would link him with the drug traffic, and asked Mexicans "not to scourge us" because this activity exists in a country with over 3,000 kilometers of border with the nation having the largest consumption of drugs and narcotics, in which there are 20 million addicted to marijuana, over 3 million addicted to cocaine, and more than 600,000 heroin addicts.

"This generates illegal profits of \$100 billion per year; this situation is pressuring the country."

Together with his wife, Magaly Gomez de Baeza, he claimed that the national foreign debt, which the opposition scores so much, does not pertain only to the public sector, but also includes the private sector's debt; and, "during my campaign we shall tell what the origin of the debt was, how the funds have been used, and what is being generated."

Also in the small office were Manuel Gurria Ordonez and Juan Jose Rodriguez Pratts, special delegates from the PRI's CEN [National Executive Committee] for the state of Chihuahua and Ciudad Juarez, respectively.

In what was his second press conference (the first one took place a few hours earlier in the town of Chihuahua), as a candidate for the top-ranking state magistracy, Baeza Melendez had to make a comment on the drug traffic, in view of the indications linking him with that activity. "This is the first and only time that I shall have to be profoundly positive. The country is undergoing very difficult times, and it will not be slander nor injustice that will extricate it from its problems."

He explained that, as first deputy attorney general of the nation, "my area of responsibility was the juridical one; I had nothing to do with drugs."

He claimed that Mexico has expended a very sizable effort to eradicate the sources of production, cultivation, transportation, and possession of drugs and psychotropic substances, but blamed the proximity to the United States as the main cause of the existence of the drug traffic here.

He gave a reminder that, when the Office of the Attorney General learned of the large volumes of marijuana existing in Chihuahua, it carried out a mobilization that allowed for the largest drug seizure in this country; but, "so that we shall not tear our garments," he noted that this marijuana had a consignee. "It crossed the international bridges, it traveled along another country's highways, it was distributed in a very extensive system; and yet we have not heard that there have been any major arrests."

However, Baeza Melendez hastened to note that he did not mean that there was no concern in the United States over combating the drug traffic. "They have an intention of putting an end to this phenomenon, but it is no easy task."

He also described as unfounded the statement that he is implicated in the Chihuahua Group or in the state's large private economic interests.

2909

CSO: 3248/185

MEXICO

FORMER VITRO HEAD REJECTS VIOLENCE, ENDORSES PEACEFUL MEANS

Mexico City EXCELSIOR in Spanish 11 Jan 86 p 17-A

[Text] Puebla, Pue., 10 January--At a press conference tonight, Rogelio Sada Zambrano, former director of the Vitro group, declared that any type of violence is reprehensible, the country must seek the path of peace and order, and that will be achieved only if democracy is valued as a fundamental element.

Before the holding of a forum in this capital, organized by COPARMEX [Employers Confederation of the Mexican Republic], which is the immediate precedent for the establishment of a Regional Federation of Employers Unions, Sada Zambrano claimed that the fact that democracy is not respected and there are situations such as the one in San Luis Potosi and other states in the northern part of the country is due to an apathy that is present in our history, which the citizens must overcome if they want a better nation.

He asserted that, to achieve full development and authentic respect for democracy, it will be necessary to root out all the elements which foster violence, now systematically in certain states, after electoral contests have taken place, as a result of the lack of respect for democracy.

He subsequently noted that private enterprise would act badly by fostering some political party in particular, in any way. That, he claimed, is the exclusive job of the citizens, whether they be business owners, architects, or peasants, or are engaged in any other activity.

Regarding his personal status, involving his departure from the Vitro group, he remarked that, 2 months after the event, he is more calm, and is experiencing the painful process of giving up what he devoted his life to, but with the satisfaction that now "the glass vise" has been smashed, and anyone in that group may exercise his right to free speech.

He expressed the view that acts of intimidation do not suit the present government because, he claimed, there are other channels and paths for solving the problems, tensions or differences that might exist at a particular time. He said that he cannot judge nor accuse anyone in particular concerning his situation, because he is unaware of the origin of that position.

As for his future, he said that he had not decided on it, although he noted that there are many "avenues that are showing up in his surroundings," but that there would not be any haste.

He added that business owners are unwilling to have the same fate as the clergy, in the sense that the time has come to curtail their freedoms and consider them as second-class citizens.

In conclusion, he claimed that the repression in our country to date has been of the verbal type: "I don't know of any concrete instance wherein this intimidation or attempted reduction of the freedoms of business owners has been expressed in any other way."

2909

CSO: 3248/185

MEXICO

SAN LUIS POTOSI PRI OFFICIAL EXPLAINS RESIGNATION

Mexico City PROCESO in Spanish No 480, 13 Jan 86 pp 12, 14-18

[Excerpts from the interview reported below were reprinted in the National Action Party national organ, Mexico City LA NACION, 1 Feb 86, pp 28-29. For related reports, see FBIS LATIN AMERICA DAILY REPORT of 7 Jan 86, p M5, and THE WALL STREET JOURNAL of 20 Feb 86, pp 1, 18; article by Elias Chavez]

[Text] San Luis Potosi--"Values such as discipline and loyalty mean behaving like a lackey or a slave in PRI. Being disciplined or loyal means putting up with anything that your superior wants to do to you. And one of the keys to the system is getting our faces dirtied so that we do not look clean afterwards."

Julio Hernandez Lopez has come clean, resigning as secretary general of PRI in San Luis Potosi, protesting the "cowardly attacks" on his fellow residents of the state on 1 January, and holding Governor Florencio Salazar Martinez responsible for the fighting. He charges:

"There is no party awareness or ideological convictions in PRI. The party's structures are fictitious, and most of its activists have just personal interests; they're looking for cushy jobs, privileges, posts."

Interviewed by PROCESO, Hernandez Lopez tells how he got to be a PRI secretary general, explains the reasons for his resignation and analyzes the political problems of San Luis Potosi, where the governor is not in political control, he asserts. He recalls:

"On 11 January 1985, when PRI unveiled Florencio Salazar as its candidate for governor of San Luis Potosi, he invited me to work with him. He told me that the biggest task of his administration was going to be the democratization of the party and that he wanted wideranging 'direct consultation with the rank and file' (a system of candidate selection that in another day and age was called 'transparent democracy'). I believed in this, accepted and got consultations under way in the state's 56 municipalities. There was success in many, but in others the big obstacle was the caciques and the underhandedness of the PRI people themselves. I often talked over these problems with the governor and warned him of the mistakes that were being

made. But he paid no attention, and it all wound up with the attacks on the people on 1 January.

"Three hours after the attacks I resigned to join those who were vigorously denouncing the massacre and demanding that its perpetrators and masterminds be punished. Even though I subscribe to political ideas that are at odds with the ones that were expressed that day in the main square, I feel that political violence is desperate and cowardly and I cannot tolerate it."

According to Hernandez Lopez, the governor of San Luis Potosi "has withdrawn from and lost interest in politics." He voices this complaint:

"PRI could have and should have been an active and youthful party of the people; this is what I thought I was there for. The fact is, though, that it does not use its political resources. PRI's structure is false, fictitious, and there are very few real activists. Most of the people in PRI are there only out of personal interest. This is why I say that there is no real party awareness or ideological convictions. Instead of allowing internal democracy, the party operates with a distorted outlook and engages in corrupt political practices."

Having lived in the bowels of the monster, Hernandez Lopez asserts that PRI must "learn to admit and accept its defeats" in order to banish its "corrupt practices."

Otherwise, he cautions, "we won't have the nerve to go up and speak to people. No one believes us. They all listen to us with a mocking smile on their lips. You want to convince people, as I did, that there is a different, a democratic approach now, but you wind up thinking that they're right: PRI does not evolve; it always remains the same."

He also issues this warning: "Now that Guillermo Pizzuto has been nominated (with the backing of PAN [National Action Party] and the Civic Front), the neo-PAN stage has begun in San Luis Potosi. Salvador Nava's biggest political deviation is handing over his political legacy to someone who represents not the aspirations of the people of San Luis Potosi but the establishment of the neo-PAN. The neo-PAN has even moved into the Huasteca [the area roughly described by the states of Veracruz and San Luis Potosi], which used to be a predominantly PRI area."

"I Warned Him"

Hernandez Lopez acknowledges, however: "The emergence of the neo-PAN is PRI's fault, because of its political foul play. What happened specifically in the state capital is the result of a lengthy series of mistakes."

Among these mistakes, the former PRI secretary general mentions:

"PRI's candidate, Guillermo Media de los Santos, did not conduct a grassroots campaign. The feeling was that a has-been could win the election easily by himself. San Luis Potosi, like the entire country, has changed, and the traditional PRI campaigns no longer work. Pizzuto, on the other hand, walked

the streets, the colonias [urban communities], visited homes, used the mass media intelligently, and we did not. We got bogged down in internal squabbling. For want of a party mystique, many PRI members, who are interested only in securing a job instead of working for the party, go around flattering and lying to the big man, the one who makes the decisions. So, the crackdown on 1 January did not come from nowhere; it was the culmination of a long series of mistakes."

When asked whether he, as secretary general of PRI, warned Florencio Salazar about these mistakes, Hernandez Lopez replied:

"I constantly warned him, but it apparently backfired. No matter how often I talked to him about it, he never made a decision; no action was ever taken. It seems as if the more you criticize, the farther away you drift from the circle close to the big man."

In addition to Hernandez Lopez, the following officials resigned on the governor to protest the attack on 1 January: Juan Ramiro Robledo Ruiz, the interior undersecretary general; Horacio Sanchez Unzueta, the planning and budget secretary; Juan Hernandez de los Santos, the secretary of industrial promotion, and Rafael Tayabas Cedillo, the assistant director of the Judicial Police. The former secretary general of PRI was the only one of the resigning officials who agreed to be interviewed. "I'm not talking, because I'm a PRI man," "I'm disciplined," "I'm loyal," they explained. Hernandez Lopez comments:

"There are values in politics called discipline and loyalty, but in PRI they mean behaving like a lackey or a slave. Being disciplined means putting up with anything that your superior wants to do to you. And one of the keys to the system is getting us dirty so that we do not look clean afterwards. There are those who have reproached me for resigning as the party's secretary general, but I think that one must be loyal in criticism and, ultimately, loyal to oneself."

In the absence of an interview, PROCESO obtained a copy of Horacio Sanchez Unzueta's letter of resignation. Like Hernandez Lopez, the now former planning and budget secretary explains in his letter to the governor that he joined Florencio Salazar's election campaign and later his government team "because I thought that the time for a democratic renewal in San Luis Potosi had come, a proposal on which you gave your firmest word." He also asserts that "society can be preserved and changed when the government looks out for its well-being, guarantees that its aspirations are met, above all guarantees lives, and respects its political decisions."

Observing protocol, Horacio Sanchez does not say in his letter of resignation that Florencio Salazar has failed to keep his promise of a "democratic renewal" nor that he has ceased to respect the "political decisions" of the people of San Luis Potosi or to guarantee their lives. He adds only:

"In these trying times for our state, my commitment and, I believe, the commitment of many other young people whose ambition is to legitimately serve

the citizenry, is to the construction of a difficult future, not to the irresponsibilities and vices of the past."

Vices and Irresponsibilities

The man who does talk about those irresponsibilities and vices is Hernandez Lopez. He asserts that the government does not have political control over any of the main municipalities in the state and cites examples:

In Ciudad Valles, notary public Jose Guadalupe Rojas, alias "Rojitas" and "a very close friend of Florencio," was named president of the municipal PRI to launch his candidacy for mayor. But a former president of CANACINTRA [National Chamber of the Manufacturing Industry], Eligio Quintanilla, and other hopefuls with real political strength, like Miguel Romero Ruiz Esparza, a teacher backed by the SNTE [National Trade Union of Education Workers], began running against him. Finally, against the governor's will, Miguel Romero won the nomination, but "Rojitas" protested and turned against his own party, of which he was president just months before. He formed an "independent PRI" to back his candidacy and, his friendship with the governor as a qualification, launched a campaign. He lost once again, and Miguel Romero became mayor. Far from owing the governor any favors, Romero knows that the governor opposed him and tried to put his friend "Rojitas" in. And he has it in for him.

In Matehuala, a traditional CTM [Confederation of Mexican Workers] stronghold, the likable Pascual Gallegos Montalvo, a political timeserver nicknamed "The Champion," was victorious. He faced off with the local PRI big shots. In all of the state's municipalities, PRI imposed "unity slates" on all its mayoral candidates, slates that included councilmen from various political groups. "The Champion" rebelled, however. He rejected the slate that PRI forced on him, accused the party's general delegate in the state, Molina Ruibal, of being a fascist, and urged the people "to struggle against impositions by PRI," his own party.

There were eight PRI mayoral hopefuls in Rio Verde. The strongest was Pedro Luis Naif Chessa_i [second to last letter illegible], the state delegate of the ISSTE [Institute of Social Security and Services for Government Workers], the director of the CEPES [Center for Political, Economic and Social Studies], and "the governor's man." But the winner was Irene Martinez, an announcer on and the owner of the two radio stations in the town. And in spite of warnings from the state government, Mrs Martinez has already appointed her husband municipal government secretary and her brother director of public works. "I will do whatever I want, because I don't owe the mayor's office to the government," she says.

In Tamazunchale, Ponciano Zumaya was elected mayor. He is a teacher, a Carlos Jonguitud supporter, a member of the "vanguard" and was alternate secretary general of section 26 of the SNTE, a fiefdom of former Governor Jonguitud's.

The state Congress, in which PRI holds a majority, is itself divided into two factions: the Jonguitud and the Florencio factions, which at times means that votes are decided by opposition lawmakers.

As soon as Florencio Salazar declared his candidacy, then Governor Carlos Jonguitud began undercutting him; he allowed him only four secretary posts on the PRI State Steering Committee, which until the close of his term and during the entire campaign was chaired by one of his confidants: Helios Barragan. Hernandez Lopez acknowledges:

"For 8 1/2 months I was fighting for two PRI's: Jonguitud's and Florencio's, with Helios Barragan as party leader the whole time. And when the time came to nominate a candidate for mayor of the state capital, Helios went after it. He was the one who had all the power and he would have easily defeated Medina de los Santos if the national PRI, through Maximiliano Silerio Esparza, had not taken him out of the running and sent him to Yucutan as general delegate."

When the governor was asked what he thought of the PRI secretary general's resignation, he said that he did not attach much importance to it, adding that Hernandez Lopez had approached him and asked for a job and that he had helped him out.

In turn, Hernandez Lopez remarked: "It would be very odd, if someone approached (Florencio) and asked him for a job, for him to put any old person in charge of PRI just like that."

8743

CSO: 3248/222

MEXICO

CARO QUINTERO PRISON INCIDENT HIGHLIGHTS INEQUITIES, ABUSES

Jewels, Goods, Money Seized

Mexico City PROCESO in Spanish No 481 20 Jan 86 pp 26-28

[Text] On Sunday, 12 January, the prison awoke, surrounded by scores of guards. For the umpteenth time, the sewer was uncovered: In a cell, that of Rafael Caro Quintero, the prison authorities, after a forceful search, "seized" electrical appliances, jewels, and money amounting to over 300 million pesos.

The drug trafficker's arrival in the Northern Prison had not only caused the underhanded sinecures fostered by the prison system to become excessive, but also made the internal living in the prison more expensive.

The authorities have washed their hands. They blame the guards for the corruption entrenched in the jails; while the rates of alcoholism and drug addiction are on the rise.

According to an account from the inmates, the searches have no date nor time. They occur at the pleasure of the supervisor on duty; after a dispute, when indications of an escape are presumed or occur, or at a mere whim.

On the night of Saturday, 11 January, the instructions from the prison administration were precise: search Caro Quintero's cell. Three guards were assigned for this purpose. It was shortly after 2200 hours. They accomplished nothing. The drug trafficker violently prevented what to the authorities was only a routine inspection.

During the early hours of Sunday, the operation was repeated. Countless guards, heavily armed, took dormitories 10 and 10A, both isolated from the rest of the jail, by storm.

Within a few minutes, Caro Quintero was forcefully quelled. The groundrules had changed, at least for the drug trafficker and his associates.

From a completely outfitted cell (small stove, curtains, rugs, electrical appliances, sports equipment, and a large amount of money), he was segregated to a maximum security area. While the authorities reported the fight and the

injuries caused to three guards by the drug trafficker, the drug trafficker's defense charged the theft of the belongings of their client, who claimed to be near death.

Two days later, to silence the speculation, the prison authorities allowed the press to visit the prison and learn the true condition of the drug trafficker's health. Caro Quintero showed no visible traces of injuries that could have jeopardized his life.

Caro Quintero was lying on a bed, under a blanket, in the cell, inside a dormitory isolated from the other inmates. He said that he was tired of so many injustices. "I don't know what Mr Sanchez Galindo, who often sends me special agents to confiscate my belongings, wants. They rob me, they take me out to INTERPOL whenever they want, and they take away my possessions. I can't stand the situation any longer."

In an interview with reporters, the new prison director, Rafael Vazquez Hernandez, said that the items confiscated from Caro Quintero's cells had been placed at the disposal of the Office of the Attorney General of the Republic.

Vazquez Hernandez claimed that, since he took office, Caro Quintero had tried to impose his own terms, to the extent that, to prevent the routine inspection of his cell, he locked himself inside with a chain and a padlock. And he noted that privileges are not allowed inside the prison, and that Caro Quintero "had taken things to the point of absurdity."

The director of the Eastern Prison admitted that there have been cases of corruption among the guard personnel, who have allowed items and clothing that are not permitted to enter.

As a first disciplinary measure, Caro Quintero was segregated. His penalty was to be 30 days, without a right to visitors, with the exception of his attorneys, who immediately obtained an "amparo" [a writ, possessing some elements of an injunction and some of habeas corpus] in relief. Two days later, the penalty was lifted from him.

In statements to the press, the director of prisons, Antonio Sanchez Galindo, admitted that, despite the modernization of the prison systems, there is still serious corruption among the guards, who are easily convinced by the inmates to allow access to drugs and liquor.

He also remarked that, owing to this situation, there are many privileged inmates in the jails who, because of their considerable economic power, bribe the guards more easily. Nevertheless, he admitted that some inmates have been permitted comforts, provided they do not violate the official regulations in this regard.

As for Caro Quintero's punishment, he said that it was imposed because "there cannot be a state within another state," and noted that this was the third time that liquor and jewels were found in the drug trafficker's cell.

For the Northern Prison population, Caro Quintero's arrival meant that the internal living in the prison became more expensive. Like the authorities, some prisoners agree in citing the drug trafficker's presumptuousness. Now, everything costs more.

The common ordinary visitor is not allowed to bring in anything. In the search booths, he must leave his money, jewelry, cigarettes, or any other item or belonging that they consider unacceptable.

The situation is in contrast when the visitor is among those considered privileged. Outside the prison, groups of children offer their services to carry the heavy items. The youngsters go inside the jail without any great trouble. Among the inmates, it is known that Caro Quintero's visitors distributed money in large amounts. It is said that the tips to the guards were from 15,000 to 20,000 pesos each. The "tips" were larger when a party was involved. At least two inmates recall that, during the final days of 1985, the drug trafficker brought in musicians.

One of the guards told the reporter that the prison authorities were not dissociated from this situation. "Everyone enters here for the dancing. We are not the only ones to blame."

So now, everything costs twice as much. The prison is overpopulated. Each inmate spends at least 100 pesos a day on the roll call. Each visit costs the same amount per person. Liquor is priced between 20,000 and 25,000 pesos per bottle. The cost of telephone calls outside fluctuates depending on the time and the day. It is claimed that Caro Quintero has paid up to a million pesos per call during the nighttime hours.

Just in case, there is a change: chores. At another time, they paid as much as 50,000-150,000 pesos not to perform them. Now, they are considered a type of work to be accounted for to reduce the penalty, according to the Law on Minimum Standards.

With the new administration, the measure has apparently brought results. There are many inmates who enlist to do the work which they had previously paid not to do.

Nevertheless, the corruption is there. Now, it also costs to appear on the work detail lists.

According to Antonio Sanchez Galindo, the corruption in prisons "cannot be eradicated" overnight. "It is something that has been present for many years, and the battle is a daily one."

Prison Director's Corruption Alleged

Monterrey EL NORTE in Spanish 14 Jan 86 p 1-A

[Excerpts] Mexico City, 13 January--Tomorrow, Rafael Caro Quintero's legal defense will undertake to file a formal complaint for assault, injuries, and

the theft of 300 million pesos, against the authorities of the Northern Prison, according to a statement made today by the defense attorney, Jose Rojo Coronado.

Both the defender and those in custody blame Rafael Vazquea Hernandez, new director of the prison, directly for the incident, claiming that he demands money from the inmates.

They also blamed Jesus Sanchez Galindo, general director of prisons, for the "policy of terror" established in the rehabilitation centers.

The defense said that they would demand that the liberties of those being held be respected, and that the pertinent authorities prevent the presumptuous conduct of the new director, Rafael Vazquez Hernandez.

In an official report, the General Directorate of Prisons said that it would not tolerate Caro Quintero's "usual presumptuousness," with which he is accustomed to behave in the prison, for which reason it was decided "to segregate him."

Access to the Northern Prison was banned today by the director of that institution for the news media.

Caro Quintero's Quarters Described

Monterrey EL NORTE in Spanish 14 Jan 86 p 1-A

[Illustration entitled "X-Ray of Caro Quintero's 'Room 10'"]

[Text] 1. Access to "Room 10" with a special guard force of two guards. The entire building, including 20 cells, a common area, grassy areas, and courts, is occupied only by Rafael Caro Quintero and five of his associates.

2. Grassy areas exclusively for those in custody and their families, with four lawn tables and chairs.

3. Basketball court.

4. Area with fruit trees and grill. There are peach trees, avocado trees, and ornamental plants there.

5. Access to the building from the cells and the recreational areas.

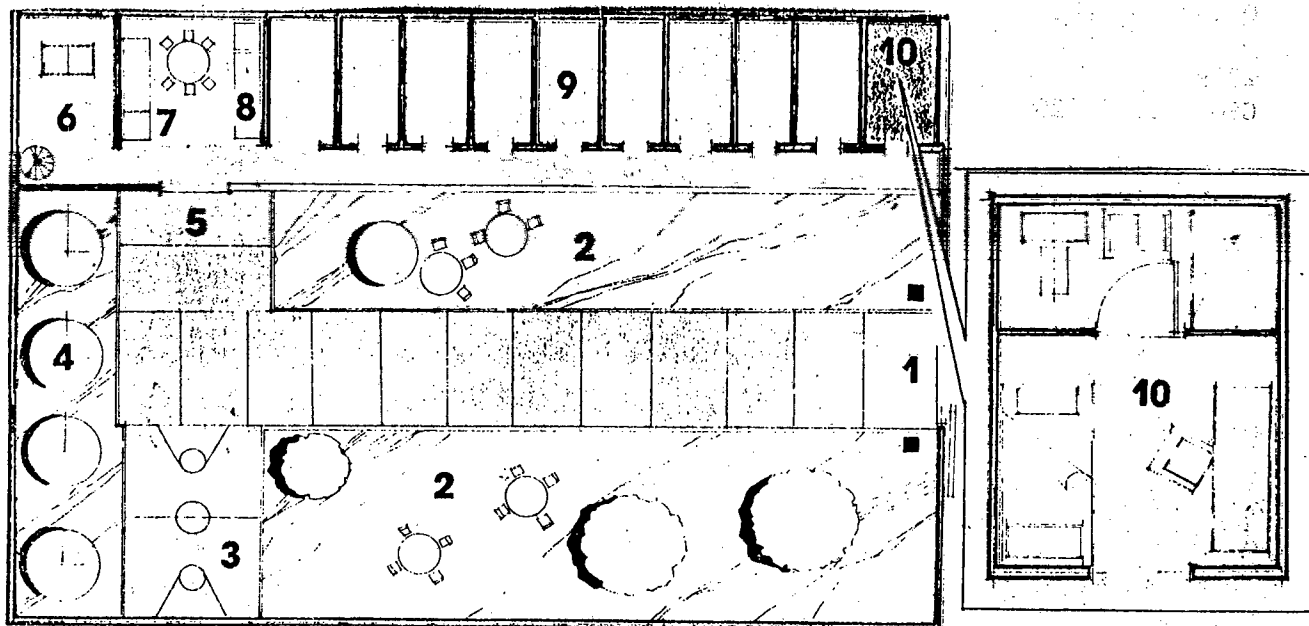
6. Air-conditioned open area with a gym. It has weights, a ping-pong table, and a platform for physical exercise.

7. Kitchen equipped with a two-door refrigerator, a sink, four electric burners, four butane gas burners, a blender, a table, with six chairs, and a small cupboard.

8. A larger cupboard in which boxes of provisions and general supplies are kept.

9. Area of cells distributed on each floor, with only the lower floor occupied by inmates. The second floor is not used.

10. Cell occupied by Rafael Caro Quintero, carpeted, with curtains, a double bed, a combination desk and dressing table, color television, a video cassette, and plumbing services, including a shower.



Prison Official Resigns

Mexico City EXCELSIOR in Spanish 23 Jan 86 p 4-A

[Text] The chief of vigilance and security at the Northern Preventive Prison (where the drug trafficker Rafael Caro Quintero is incarcerated), David Rodriguez Tejeda, has been dismissed from his post and Pedro Gil Gongora has been appointed to replace him.

According to the General Directorate of Prisons, David Rodriguez submitted his irrevocable resignation, apparently because of disagreements with his superiors.

This shift at the Northern Prison, considered a key one, comes a week after Rafael Caro Quintero attacked three guards in his dormitory, following a search made of his cell.

David Rodriguez Tejeda, former chief of vigilance and security at the prison center where Caro Quintero is located, declined to make any comment regarding his resignation.

Meanwhile, Pedro Gil Gongora, the new head of security, refused to answer the telephone, and his secretary claimed that "he is busy inside."

With the departure of the security chief, it is thought that at least a dozen guards will resign from their positions. No information about any other resignations was provided for the present.

A week ago, the general director of prisons, Antonio Sanchez Galindo, ordered an investigation among the vigilance personnel, after the problems with Caro Quintero (the confrontation with the guards) and what was seized in his cell.

2909

CSO: 3248/220

MEXICO

ECONOMIC SECTOR FIGURES TAKE STANDS ON DEBT PAYMENTS

CANACINTRA Opposes More Spending Cuts

Mexico City EXCELSIOR in Spanish 30 Jan 86 pp 1-A, 20-A

[Article by Edith Jimenez]

[Excerpt] The people cannot be squeezed any tighter; the ones who should be squeezed are the creditors. The National Chamber of the Manufacturing Industry (CANACINTRA) does not support any further cuts in government spending, because it has been tightened to undreamed of levels, and industry is in very poor shape. If the trend continues, unemployment will be upon us, which must be avoided.

The president of the chamber, Carlos Mireles, asserted that the country would not tolerate more of the severe restrictions that are jolting every last Mexican.

We maintain that the country ought to set aside a percentage of export earnings to pay off its overseas debts.

Once more we are saying that if our creditors want us to pay them, they should buy our exports. The national budget must not be tightened further. If they want to get paid back, they should give us the work that will enable us to generate the funds to do so.

Mireles said over and over again at a press conference: "We must not keep on depressing the domestic economy to pay off our debts when our creditors are unable to acknowledge our excellent record as international borrowers. We've never failed to pay back a single peso. They ought to bear this in mind and stop pressuring us the way they have been."

Abedrop: Imports Before Debt Payments

Mexico City EXCELSIOR in Spanish 3 Feb 86 pp 1-A, 9-A

[Article by EXCELSIOR correspondent Francisco Garfias]

[Text] Davos, Switzerland, 2 Feb--Carlos Abedrop, a former banker and Mexican businessman, today came out in favor of a foreign debt moratorium because, he said, "interest payments cannot come before the people's food needs, nor can the march of industry be halted."

During an interview with EXCELSIOR, Abedrop bemoaned the "timid" stand of the Mexican Government, which out of "fear" of domestic criticism is not opening up the country completely to foreign investment.

Explaining his stand on the foreign debt, the businessman said: "There can be no question that faced with the choice of using the few dollars we have left either to pay for necessary imports or to make interest payments, we must pay for imports; otherwise, we are shutting down industry."

"What Mexico has to do is very clear to me," he added. "First, buy the foodstuffs that we need and that there are shortages of, and second, buy the raw materials we need so that industry does not shut down. Then we make the interest payments."

He indicated, however, that "if we don't have a single dollar left to pay off the interest and if this is called a moratorium, then we have to declare a moratorium. Interest payments cannot come before the people's food needs, nor can the march of industry be halted," because, he went on to say, "creditors would be the first to get hurt if the country shuts down; then they wouldn't get paid anything."

Along with another 600 businessmen and political leaders from all over the globe, Abedrop is attending the symposium organized by the nongovernmental foundation WEC [World Economic Forum] at this isolated Swiss town 3 hours from Zurich.

The organizers gave the participants off Sunday so that they could participate in their favorite sports, like skiing, and the former president of the Mexican Bankers Association, agreed to a lengthy talk with EXCELSIOR in the hotel cafeteria.

The man who is now a partner in the recently privatized National Hotel Association leaned towards the glass table and bemoaned the "timidity" of Commerce Secretary Hector Hernandez, who in his speech at the symposium underscored the "restrictions" on foreign investment in Mexico:

"I did not find his speech very felicitous, as he established many restrictions. Our officials are somewhat timid in making statements about policies in Mexico. An inconsistency arises here: we are talking about improving the Mexican economy, to which end we need technology and capital, which generally come together," he stated.

But, this reporter asked, if we accept indiscriminate foreign investment, how do we get rid of it later? Furthermore, it could become so important that domestic decisions would have to be submitted to foreign investors for their consideration.

Foreign Investment and Sovereignty

"Look," Abedrop countered, "the idea that foreign investment compromises national sovereignty is a political argument that was destroyed 50 years ago by Lazaro Cardenas, because in nationalizing oil he defied the seven most powerful companies in the world and nothing happened."

"Nothing happened," Abedrop went on to say, "when deceased Egyptian leader Gamal Abdel Nasser nationalized the Suez Canal because he felt that the earnings from it were needed for his country's development. There were threats of an invasion, warships, but nothing happened," he recalled.

He then added: "That was 20, 30 and 40 years ago, and there is no doubt that the progress that has been made in the rule of law suggests that the idea that foreign investment compromises sovereignty is ridiculous."

What does compromise sovereignty, in Abedrop's opinion, is the severe crisis besetting the country, the fact that it is unable to pay even the interest on its debt. "That does have us flat on our backs right now and greatly restricts our government's decision-making capacity," he asserted.

In discussing the social situation in the country, Abedrop felt that "the problem of unmet social demands will not be an immediate consequence of the crisis that the drop in oil prices has prompted. There is, of course, an unavoidable relationship between the external and internal condition of the Mexican economy."

"The spending cuts that the domestic situation demands will have to be maintained. During the boom times, during the spree we spent more than 10 times what we had and we can't keep on doing that indefinitely."

Therefore, he went on to say, "the belt-tightening is a necessity and, to an extent, a necessity that has nothing to do with the debt problem. Additional wages cannot be paid out, and if you do, you're being inefficient. You're giving the family, which is the people of Mexico, more than you have, which you cannot keep on doing. The demands among certain labor sectors have reached very high levels, and here is where the belt-tightening must occur."

But do you think that the people can withstand another loss of buying power? What are the people going to do?

"Nothing. People who are employed earn wages and meet their minimum needs. The problem is the overwhelming majority of the jobless."

But the government spending cutbacks that you regard as indispensable are going to boost unemployment.

"Spending unquestionably has to be redirected. There are probably a half million bureaucrats who could be dismissed. This is a problem that we have to resolve. We have to relocate those half million bureaucrats in productive jobs."

How?

"This is the challenge that we have to face up to. But we cannot continue to burden the economy of all Mexicans for fear that those half million bureaucrats might suffer."

In conclusion, the industrialist also talked about the controversy over confidence. He replied thus to a question about whether or not businessmen are confident:

"I have complete confidence in the country. I'm sure that it will come out OK. I have confidence in President De la Madrid. I think he's the best president we could have under the current circumstances.

"The bad thing," he continued, "is that there are many people whose confidence depends on whether some official said something and whether this means that the government is going to run more companies, whether the dollar dropped, whether...Confidence should not be based on things like that, I think."

As a banker, Abedrop came out against exchange controls to prevent capital flight, "the amount of which has been exaggerated."

"If people no longer have secure access to their savings, this is more costly than capital flight. Savers always find a way to remove their money from the country's economy, and this is what the people who defend exchange controls fail to understand," he stated.

Legorreta Differs With Abedrop

Mexico City EXCELSIOR in Spanish 6 Feb 86 p 12-A

[Article by EXCELSIOR correspondent Francisco Garfias]

[Text] Davos, Switzerland, 5 Feb—A moratorium is inappropriate, asserted the president of the Consejo de Operadora de Bolsa, S.A. de Mexico, Eduardo Legorreta, after cautioning that it would risk a U.S. seizure of Mexican goods.

The Mexican businessman admitted, however, that the drop in oil prices reduces the country's ability to service its foreign debt under the current terms.

Interviewed briefly during a reception that Swiss industrialists offered last night for the Mexican delegation attending the symposium on the world economy in Davos, the president of the country's largest brokerage firm indicated that in view of the troublesome outlook "Mexico must negotiate further with its creditors."

Legorreta added that Mexico has "demonstrated its responsible attitude ever since it began having problems in 1982, and it should continue to do so. Obviously, though, the negotiations that it is currently conducting with its creditor banks ought to be much more intensive."

"In what way?" he asked. "I think that Mexico should try to have some of the interest forgiven or secure very long payback periods, but not opt for a unilateral suspension of payments."

Difference of Opinion

When asked about the statements by the former president of the Association of Bankers, Carlos Abedrop, to the effect that Mexico ought to give priority to foodstuffs and raw materials for its industries over interest payments, Legorreta said:

"Carlos and I are very good friends, but that doesn't mean that we always agree. There can be no talk about not paying; a moratorium is not in our interest. There are very serious legal problems."

He pointed to this example: "Every time a Mexican product would be shipped out, the Americans would have a right to seize it."

He gave an even more graphic example: "It's as if you or I owed money to a bank. If you don't pay up, the bank takes away your home."

In Legorreta's opinion, Western bankers are "willing" to help Mexico solve its problems (yesterday the Consultation Committee of the creditor banks denied the new loans that the country needs to cope with the drop in oil prices), and he was optimistic about reaching an agreement.

When this reporter reminded him of the stand that the president of the Corporation of Swiss Banks, Franz Luthof, clearly took in saying that among all the debtor nations only the Ivory Coast has put its domestic economic house in order and is thus the only country that deserves new loans, Legorreta replied:

"Mexico's economic realignment program failed in 1985. It took a vacation. The inflation rate did not drop to appropriate levels; there was no cut in government spending. This is obviously a problem that we have to solve to facilitate our negotiations with the banks."

And he withdrew to his table.

Abedrop Urges Negotiation of Moratorium

Mexico City EXCELSIOR in Spanish 21 Feb 86 pp 1-A, 12-A

[Article by Juan Gerardo Reyes]

[Excerpt] Arguing that a moratorium does not mean default, just how and when to pay back, Carlos Abedrop Davila, the former president of the Mexican Association of Bankers, remarked that our country, with its debt of \$100 billion, ought to negotiate a moratorium that does not mean eliminating payments, so that it can keep up a suitable pace of new investment and expand its economy.

Abedrop Davila acknowledged that "1986 will be a tough and difficult year, but I am certain that Mexico's future and progress are not in jeopardy."

The man who was also president of the Banco del Atlantico described the Baker plan as inadequate, regarding it, however, as a first step and, without doubt, a valid way to reverse the trend of financial flows in the direction of the developing countries, which lack the funds to provide for sound economic growth.

Carlos Abedrop made the above remarks during a conference on the Current Financial Crisis at the School of Mexican Public Accountants. He also stated that this is the most severe financial crisis in modern times, adding that in analyzing the problem we have to look back 15 or 20 years to situations that apparently have nothing to do with today's problems.

In his opinion, an answer to the crisis is not a leftwing or rightwing issue; it is an issue for experts and specialists in the field, regardless of the ideologies they may profess.

He said that not only will we have to import the equipment and raw materials we need to keep our industries running, but we will also have to undertake expansions and develop new projects, to which end fresh investment is needed; if we do not make such investments, we will stagnate, which in economics means falling behind.

Negotiations Without Political Pressure

He reiterated that a moratorium is an issue that debtors and creditors must look at constructively and frankly, in defense of their own interests. In order to come up with a successful solution to the problem, the parties to the negotiations must not be under political pressure. This is a job for experienced financial experts, not political leaders, regardless of their ideology or their stand on the East-West or North-South disputes.

He asserted that the country's structural crisis is choking off our development, which is the biggest challenge for the current generation. The crisis is essentially financial, with an imminent moratorium on our debt. He indicated that the first moratorium was in August 1982, in Washington, when Mexico asked for a 90-day delay to arrange a rescheduling. The second one was in October 1985, when we had to suspend payments until we secured a loan to meet them.

He noted that politicians, who long for the breakdown of the Western economies, have given the expression "payments moratorium" a slanted meaning by confusing it with "debt repudiation," thus giving it political overtones that it should not have. A repudiation happens when a debtor disavows his debt and, therefore, refuses to pay it off.

He said that there are serious structural inadequacies choking off the expansion of the Mexican economy and, unfortunately, they are not being attacked as urgently and as comprehensively as they should be. Unless they are attacked effectively, they could lead to discouragement, which in turn

could explain why Mexicans are losing confidence in the country, though he does not think that such an attitude is valid.

Such an attitude shows only one side of Mexico, Carlos Abedrop indicated, its frustrations and inabilities, which every country suffers from at one or several points in its history. But Mexico has another side, its accomplishments and its infrastructure, which make it one of the top 10 or 15 in the world, depending on what yardstick is used.

8743

CSO: 3248/221

PERU

GUARDS UNABLE TO STOP SMUGGLING OF GOODS TO ECUADOR

Lima EL COMERCIO in Spanish 21 Jan 86 p A 10

[Article by Javier Ascue Sarmiento, special correspondent]

[Text] El Salto, Tumbes, 20 Jan--Smuggling products of prime necessity has spread all along the northern border. Most of the food goes to Ecuador by boat through swamps and channels along the border.

Real organizations of smugglers operate all along the coast. They use everything from small rowboats to hydroplanes to transport countless tons of basic products.

The Republican Guard of Peru feels powerless to control the smuggling since it does not have the necessary means.

Here at the El Salto vigilance post, it only has two hydroplanes to patrol the border.

In a tour of the area, this special correspondent learned that there is massive smuggling of food to Ecuador due to the number of smugglers who operate in the swamps.

Until a few days ago, most smuggling was done through the channels of Zarumilla and Angolo using the "ant" system.

Now they have changed systems and location because of supervision in Tumbes. Starting 4 days ago, every truck carrying food must go into the Tumbes fairgrounds to be examined and supervised by officials of the Ministry of Agriculture, Ministry of Commerce, and the Prefecture.

Change Route

Because of this measure, the truck drivers have changed their route. They leave the Pan-American past Cancas and go by trails to strategic points where the many smugglers wait for them. In only a few minutes, they transport the sacks of rice and sugar and boxes of milk and oil to the boats.

In order to trick the vigilance posts of the Republican Guard of Peru, many boatmen pretend to be fishing for oysters and prawns. They cover the food with their nets and banana leaves. They travel through the narrow channels and try to use passages between the dense weeds as much as possible.

When they are discovered by the police patrols, they calmly cross to the other side of the border where they are protected by the Ecuadoran merchants. They usually transfer the merchandise when they reach small islands and coves in Ecuadoran territory.

It was learned that the Ecuadoran wholesalers are paying in dollars in order to obtain more basic products. This is another reason smuggling has increased.

7717

CSO: 3348/430

PERU

OLMOS PROJECT EQUIPMENT ABANDONED, DETERIORATING

Lima EL COMERCIO in Spanish 21 Jan 86 p A-10

[Text] Chiclayo, 20 Jan--Guillermo Arana Cuadra, the prefect of Lambayeque, confirmed that machinery and equipment from the Olmos project, valued at billions of intis, have been abandoned.

He verified this during a tour of the installations, camps, and preliminary work on that project.

Arana Cuadra said he was "amazed to find machinery in deplorable condition." More than 20 crates are scattered outside over an extensive area without any protection. It is suspected that a lot of machinery has been taken.

The prefect was informed that machinery, vehicles, and electrical appliances had been auctioned off at ridiculous prices at the beginning of the year. One vehicle was auctioned off for 1 million soles; the buyer sold it for 20 million soles the next day.

Comptroller's Intervention

The executive board of the Autonomous Authority of the Olmos Special Project is waiting for an external audit by the National Comptroller's Office in order to determine the degree of responsibility of officials of this project for the irregularities detected.

Engineer Genaro Fuentes Linares, chairman of the board and executive director of the project, asked Prefect Arana Cuadra to make the tour. They visited all the installations and the camps of La Vina, Plan Piloto, Pasabar, and Oriente in Cajamarca Department as well as the initial projects for the Olmos trans-Andean tunnel.

Internal Inventory

Engineer Fuentes Linares announced that an internal inventory for last year, mandated by law, will begin in the next few days.

He also stated that 1.5 billion soles were requested for machinery maintenance in the 1986 budget proposal since the machinery was in deplorable condition. However, this request was denied.

He also indicated that an auction of the assets is being investigated. The prices date from 1982 but remained the same in 1984. The majority went to one person which is suspicious.

He also indicated that the pilot plan preparing 1,200 hectares of land in La Vina, Jayanca district, for exploitation through technical irrigation will be carried out in 1986. This will provide the resources to finance the trans-Andean tunnel.

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CSO: 3348/430

PERU

EL COMERCIO ANALYZES REPAYMENT OF DEBT

Lima EL COMERCIO in Spanish 2 Feb 86 p F 3

[Article by Oscar Ugarteche Galarza]

[Text] The corrective measures taken by Mexico, Nigeria, Venezuela, Argentina, and, more recently, Peru concerning foreign debt payments are based on problems for the balance of payments and the productive system if high payments for the foreign debt service continue.

President Garcia announced the well-recognized limit of 10 percent for the total debt service in his speeches on 28 July--the municipality one and the one at the FAO. On a television program later, the deputy minister of economy, Gustavo Saberbein, stated that the 10 percent corresponded specifically to the public debt. This was corroborated by the 1986 national budget.

We all know that the public debt is the highest, about \$9,775,000,000. Many thought that this would solve the problem of the shortage of foreign currency and even the national budget.

Few noticed the remainder of \$3.8 billion owed by the private sector in the short, medium, and long term and by Central Bank.

Debt Service from August to December

Analyzing the payments made through the Central Reserve Bank in the months under the new government reveals a surprising figure. Payments on the national debt totaled about \$738 million or 56.9 percent of the exports from August to December.

It can be seen that the public debt took 14.7 percent of the exports during that period; Central Bank's debt, 6.4 percent; and the private debt, 35.8 percent. This is, however, less than the record 69.2 percent that was paid in 1983.

This raises several questions that should be analyzed. Was the economic aim of the announced 10 percent merely to relieve the national budget or also to

relieve the productive sector? Why hasn't the 1982 Mexican solution been proposed for the private sector?

It is in the national interest to protect the balance of payments and relieve the private sectors of production and services in order to revitalize the economy. The solution conceived by Angel Gurria, Mexican director of Public Credit, was to suspend the sale of foreign currency to the private sector for foreign debt payments if it did not refinance its debts under the same or better conditions than the public sector.

This proposal was accepted by the banks as part of the public renegotiation of the debt. Central Bank guaranteed the foreign currency to make payments under a new timetable.

To avoid problems with debtors who did not want to extend their payments for various reasons, the Bank of Mexico promised to accept foreign currency or pesos from private enterprises at the official rate of exchange if they wanted to pay their debts.

Therefore, after the refinancing by private enterprises, Central Bank was ready to receive timely payments and even enjoy the interest they could yield. At the same time, the debt renegotiators could draw up a more precise timetable for movement of foreign currency for debts and could protect the foreign reserves of the country.

Debt and IMF

Not going to the IMF for a contingent credit seems correct to us. However, the IMF is much more than that. It is a forum for multilateral debate where the applicability of its policies can be discussed. It is also an official institution that grants various unconditional supports for the balance of payments. The beginning of February will mark 6 months since the last payment to that institution. If 6 months pass without payments of any type, we could become ineligible members and soon be expelled from the institution.

This may not be important to some but it means that we are automatically expelled from the World Bank, sister or twin to the IMF, which still has a \$500-million payment pending for our country. Is this in the national interest? We feel it is time to think carefully, not strangle the private sector, not threaten the balance of payments, and to be more cautious in speeches about 10 percent.

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